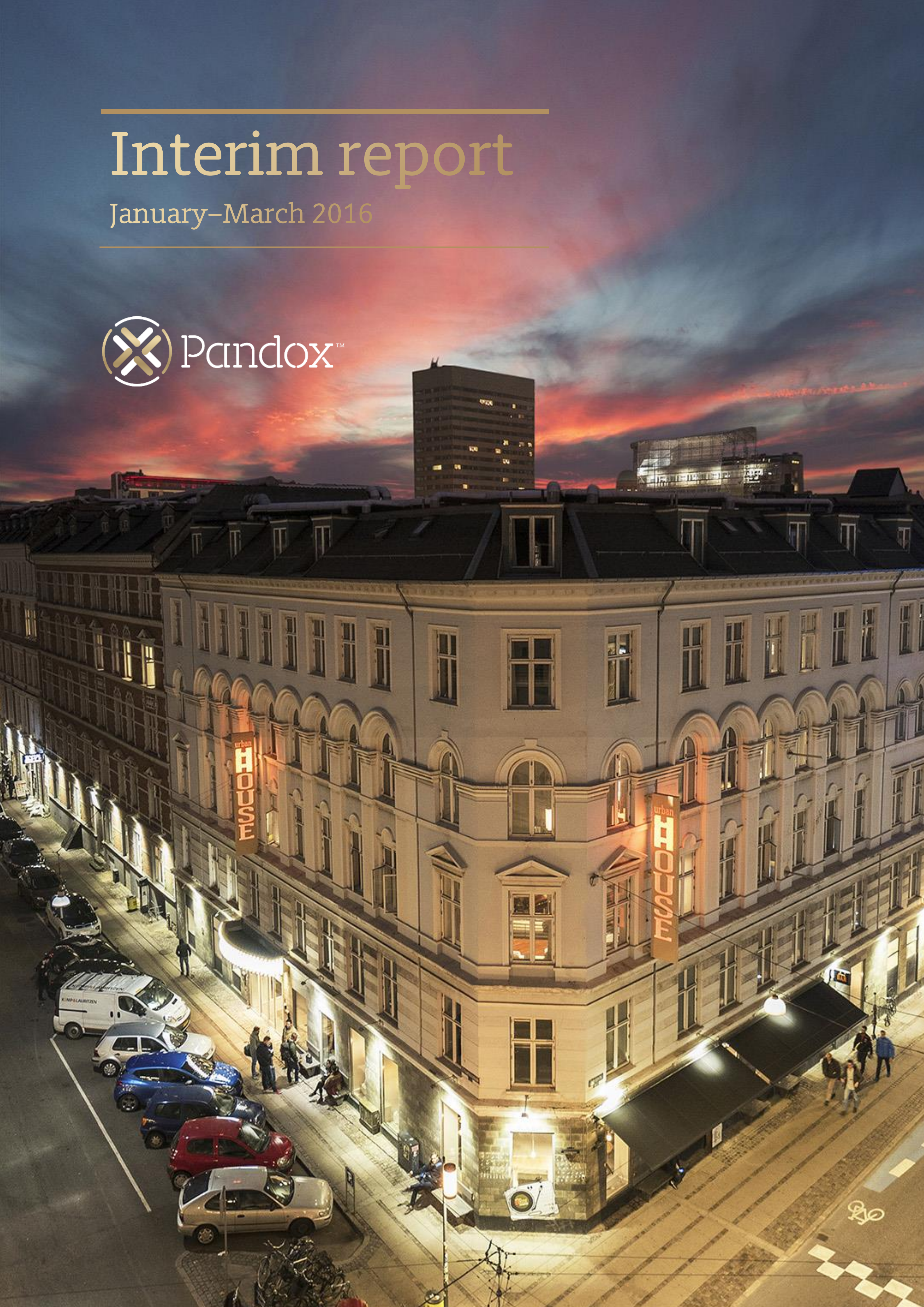
Interim report

January–March 2016

Pandox™



Interim report

January– March 2016

Good underlying growth

Quarter January-March 2016

- Revenue from Property Management amounted to MSEK 386 (332). Adjusted for currency effects and comparable units, the increase was 1 percent.
- Net operating income from Property Management amounted to MSEK 320 (260). Adjusted for currency effects and comparable units, the increase was 1 percent.
- Net operating income from Operator Activities amounted to MSEK 54 (51). Adjusted for currency effects and comparable units, the decrease was 0.5 percent.
- The negative effect on net operating income from Operator Activities, attributable to the terrorist attacks in Brussels, is estimated to approximately MSEK 7 in the first quarter and MSEK 40 for the full-year 2016, the first quarter effect included.
- EBITDA amounted to MSEK 350 (290).
- Earnings for the period amounted to MSEK 376 (374).
- Cash earnings amounted to MSEK 235 (171).

Important events after the period

- No important events have occurred after the end of the period.

Key figures (MSEK)*	Q1 2016	Q1 2015	*Chg in %*	FY 2015
Revenue Property management (Note 1,2)	386	332	*16*	1,543
Net operating income Property management (Note 1,2)	320	260	*23*	1,280
Net operating income Operator activities (Note 2)	54	51	*6*	416
EBITDA (Note 1)	350	290	*21*	1,603
Profit for the period (Note 1,3)	376	374	*0*	2,131
Earnings per share, SEK (Note 1,3,4)	2.49	2.49	*0*	14.21
Cash earnings, MSEK (Note 1,3)	235	171	*37*	1,130
Cash earnings per share, SEK (Note 1,3,4)	1.57	1.14	*37*	7.53
Key data				
Net interest bearing debt, MSEK	14,399	12,444	16	15,376
Equity asset ratio, %	39.7	38.7	n.m.	38.6
Loan to value, %	48.6	47.5	n.m.	49.5
Interest cover ratio, times	3.1	2.5	*n.m.*	3.6
Property market value, MSEK	31,322	26,996	16	31,437
EPRA NAV per share, SEK (Note 4)	112.16	96.25	16.53	107.71
WAULT (Investment Properties), years	11.3	8.7	n.m.	11.2
RevPAR (Operating Properties) for comparable units at comparable exchange rates, SEK	547	540	*1*	668

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

** Comparable figures in brackets refer to the corresponding period last year for profit/loss items and year-end 2015 for balance sheet items, unless otherwise stated. For a complete set of definitions please see page 21 and 27.*

CEO comment

Good underlying growth

Pandox reports good underlying growth and stable growth in earnings in the first quarter. Adjusted for currency effects and comparable units, net operating income increased by 1 percent despite Easter falling in March this year, which meant that the first quarter had one business travel week fewer than last year, and despite the negative effect of the tragic terrorist attacks in Brussels at the end of March. The driving forces were continued positive development of the hotel market and renovated hotels that returned to full capacity and gained market shares. Property Management benefited from rising demand and higher average room rates. Pandox's acquisition and partnership with Leonardo Hotels in Germany developed as planned and earnings by the hotels developed well in the quarter. Operator Activities were negatively affected by Easter and by the terrorist attacks in Brussels.

Negative effects of the terrorist attacks in Brussels

At the time of the terrorist attacks in Brussels on 22 March, the booking situation had adjusted to a more normal pattern and revenues from the hotels operated by Pandox itself in Brussels had increased by approximately 2 percent compared with the same period last year.

The terrorist attacks occurred at the end of the quarter, which limited the negative effects on revenues and net operating income from Operator Activities to approximately MSEK 11 and approximately MSEK 7 respectively in the first quarter. Including the effect in the first quarter, the total negative effect on net operating income for full-year 2016 is estimated to approximately MSEK 40. The majority of the remaining effect is expected to occur in the second quarter of 2016.

Stable market development in Europe

Growth in the majority of Pandox's key markets was positive in the first quarter, despite a negative calendar effect. The European hotel market is generally stable, but certain external analyses indicate that the international inbound market could soften somewhat because of the perceived security situation in Europe. However, we have not seen this materialise. In this context, Pandox's good geographical diversification is a strength. Demand in domestic and regional markets remained good and stable increases in RevPAR were recorded in most of Pandox's key markets, such as Berlin with 6 percent, Helsinki with 6 percent, Montreal with 5 percent and Stockholm with 4 percent. The RevPAR increase in the quarter is explained by a combination of increased occupancy rates and rising average room rates. In terms of Pandox's main individual markets, Brussels is currently the weakest for natural reasons. However, it is a market well placed for a stable recovery.

Restructuring of the Nordic hotel market creates opportunities

As part of the restructuring and consolidation of the Nordic hotel market, in its Operator Activities, Pandox has in a relatively short time taken over the operation of four hotels in Norway and Sweden, and has entered into agreements to take over a further two hotels. These takeovers are a natural part of Pandox's strategy to be active and take the position in the value chain that benefits the company most if the conditions are not in place for a profitable lease-based relationship. With an in-depth knowledge of both hotel operations and hotel properties, Pandox can choose to run the hotel operations itself – thereby ensuring the quality of the hotel properties and their long-term value growth.

In order for a hotel taken over to reach its full potential the business, in most cases, needs to be revitalised through a combination of initiatives and investments in brand, management/organisation and product development. It is an improvement process that usually takes around 18 months before the full results are seen. The latest hotels taken over are already being run under our own and external brands that better match demand and the hotels' desired market position. In Norway, for example, Fagernes and (from 28 May 2016) Kristiansand are being operated under the Thon Hotels brand, while the Hotel Prince Philip in Sweden is being operated under the Best Western PLUS brand.

All the hotels are good examples of Pandox's ability to exploit opportunities throughout the value chain and thereby create opportunities for growth and minimise risk. By taking over and developing underperforming hotels, Pandox is laying the foundation for a higher risk-adjusted return over time.

A strong position in a growing hotel market

With a geographically well-diversified portfolio of high quality hotel properties, Pandox is in a strong position in a growing hotel market, creating the conditions for good long-term growth in cash earnings.

37%
Growth in cash earnings

85%
Of NOI from long-term lease contracts

"The driving forces were continued positive development of the hotel market and renovated hotels that returned to full capacity and gained market shares."

Anders Nissen
CEO
Pandox AB (publ)

A property company specialised in hotels

An active hotel property owner

Pandox is one of Europe's leading hotel property companies, with a geographical focus on Northern Europe. Pandox's strategy is to own sizeable full-service hotels in the upper-mid to high-end segment with strategic locations in key leisure and corporate destinations. Pandox is an active owner with a business model based on long term lease agreements with the best operators in the market. But if these conditions are missing, Pandox has long experience of running hotel operations on its own. This creates business opportunities across the hotel value chain.

Long leases with well-known tenants

At the end of the first quarter 2016, Pandox's hotel property portfolio comprised 113 hotels with a total of 24,225 hotel rooms in eight countries, with a market value of MSEK 31,322. Of the 113 hotels, 94 were leased on a long-term basis to well-known tenants with established brands providing income stability, lower capital expenditure and risk for Pandox. For Investment properties the weighted average unexpired lease term (WAULT) of 11.3 years. The remaining 19 hotels were owned and operated by Pandox.

In addition, Pandox has asset management agreements for nine hotels and operates one additional hotel under a long-term lease agreement.

Pandox's value drivers

- High quality portfolio of premier hotel properties in strategic cities
- Geographical diversification which provides opportunity for diversification over the business cycle
- Income stability from renowned tenant base with long leases
- Focus on solid economies and ability to capture market growth
- Organic growth from refurbishment and repositioning of hotels
- Attractive yield and resilient cash flow generation.
- Active ownership, which creates value and optionality.

Pandox's financial targets

- Dividend policy – Pandox will target a dividend pay-out ratio of between 40 and 60 percent of cash earnings[1], with an average payout ratio over time of approximately 50 percent. Future dividends and the size of any such dividends are dependent on Pandox's future performance, financial position, cash flows, working capital requirements, investment plans and other factors. *For 2015 a dividend of SEK 3.80 per share is proposed representing more than 50 percent of cash earnings.*
- Capital structure – Pandox will target a debt ratio (loan-to-value[2]) between 45 and 60 percent, depending on the market environment and prevailing opportunities. *By the end of the first quarter the loan-to-value ratio was 48.6 percent.*

Value-adding business model

Scandic Grand Marina, Helsinki

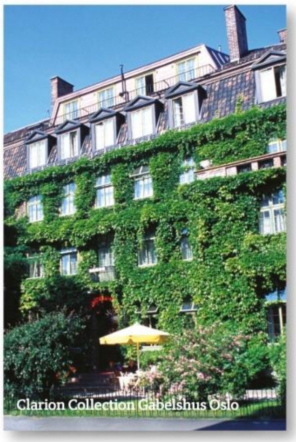
We own and lease hotel properties

Pandox HOTEL PROPERTIES

InterContinental Montreal

We own and operate hotels

Pandox OPERATIONS

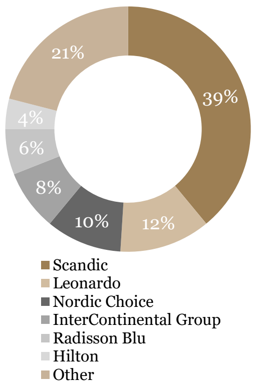


Clarion Collection Gabelshus Oslo

We manage hotel properties owned by others

Pandox ASSET MANAGEMENT

Rooms per brand
31 March, 2016



[1] Defined as EBITDA plus financial income less financial cost and current tax.
[2] Defined as interest bearing liabilities divided by the sum of property market value of Investment properties and Operating properties.

Hotel market development January–March 2016

Growth prospects remain positive

Despite macroeconomic challenges, Europe is developing relatively well with growth in all the major economies within the EU. The American economy is approaching full employment, which is expected to drive pay trends and thus inflation and also monetary policy towards more normalised interest levels. In the Nordics Sweden grows strongly, while the growth rate in neighbouring countries is more moderate.

Continued positive developments in key hotel markets

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.

Growth continued in North American hotel markets

In the US and Canada growth in RevPAR (revenue per available room) in the quarter amounted to 3 and 2 percent respectively. In the US the growth was driven by average room rates, while the occupancy rate was unchanged. New York was affected by a strong dollar and significant new capacity, among other things, resulting in a negative change in RevPAR in the quarter. Overall, the American hotel market continued to grow, albeit at a slower rate. The market in Montreal was favoured by a strong American dollar and continued good demand in the meeting and conference segments. The attractiveness of Montreal as a destination for both business and leisure travellers has been enhanced by increased marketing and infrastructure investments, which have benefited the local hotel market. Overall, RevPAR grew by 5 percent in the quarter, mainly driven by improvements in both demand and average room rates.

The hotel market in Europe continued to grow

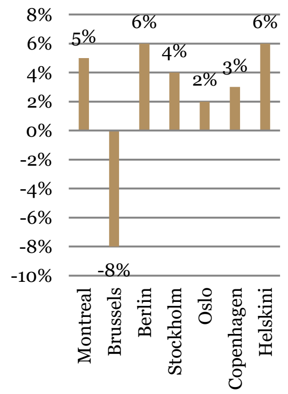
The hotel markets in Europe performed positively in the quarter despite the fact that this year Easter fell in March. For Europe as a whole, RevPAR increased by 3 percent with southern and eastern Europe exhibiting the strongest growth. The terrorist attacks in Brussels on 22 March had a very negative effect on the Brussels hotel market, with a decline in RevPAR in March and the first quarter of -19 and -8 percent respectively. The terrorist attacks contributed to a certain negative effect on travel from international markets into Europe. The effect on countries and regional cities that are considered safer is limited. Berlin saw an increase in RevPAR of 6 percent in the quarter and the German market in total grew 3 percent. In London, RevPAR decreased by -4 percent, mainly as a consequence of significant new capacity.

The Nordic hotel market had a generally strong quarter, with stable growth in several large cities and regional hubs despite the Easter effect. The growth was driven both by improved average room rates and by increased demand. In Stockholm, RevPAR increased by 4 percent in an environment of high economic activity. Growth in Copenhagen was 3 percent, driven in equal parts by demand and average room rates. The hotel markets in Norway benefited from relatively strong private consumption and a weak Norwegian krona, with RevPAR in Oslo increasing by 2 percent. Helsinki, which ended 2015 with two positive quarters, once again demonstrated good growth with an increase of 6 percent in the quarter driven by improved occupancy rates.

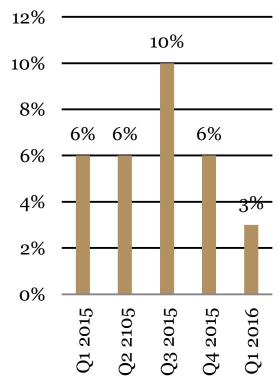
3%

RevPAR growth in Europe

Good performance overall in key markets
RevPAR growth Q1 2016



Good growth in Europe
RevPAR growth by quarter



Financial development January–March 2016

Comparable figures in brackets refer to the corresponding period the previous year for profit/loss items and year-end 2015 for balance sheet items, unless otherwise stated.

Net sales

Revenue from Property Management amounted to MSEK 386 (332), an increase of 16 percent including revenue from the 18 acquired German hotels for the full quarter. Adjusted for currency effects and comparable units, revenue increased by 1 percent, despite Easter falling in March this year and the first quarter for this this reason had one business travel week fewer than the same period last year.

Revenue from Operator Activities amounted to MSEK 442 (367), an increase of 20 percent, and included revenue from Thon Hotel Fagernes for the full quarter. Adjusted for currency effects and comparable units, revenue increased by 4 percent and RevPAR by 1 percent, despite calendar effects and the terrorist attacks in Brussels.

Apart from Brussels, both the business segments benefited from a good hotel market with increased market shares for renovated and repositioned hotels.

The Group's net sales amounted to MSEK 828 (699), an increase of 18 percent. Adjusted for currency effects and comparable units, sales increased by 3 percent.

Net operating income

Net operating income from Property Management, which corresponds to gross profit, amounted to MSEK 320 (260), an increase of 23 percent including acquisitions and reclassifications. Adjusted for currency effects and comparable units, net operating income increased by 1 percent, despite a negative calendar effect. The increase is explained by renovated hotels that have returned to full capacity and gained market shares.

Net operating income from Operator Activities, which corresponds to gross profit plus depreciation included in Operator Activities costs, amounted to MSEK 54 (51), an increase of 6 percent. Adjusted for currency effects and comparable units, net operating income decreased by 0.5 percent. The decrease is mainly due to Brussels, calendar effect and Grand Hotel Oslo, which is undergoing renovation.

The terrorist attacks in Brussels at the end of March had a negative effect on net operating income of approximately MSEK 7 in the quarter.

Total net operating income amounted to MSEK 374 (311), an increase of 20 percent.

Administration costs

Central administration costs amounted to MSEK -24 (-21).

EBITDA

EBITDA (gross profit plus depreciation included in costs for Operator Activities, less central administration costs, excluding depreciation) amounted to MSEK 350 (290), an increase of 21 percent, which can be explained by improved underlying net operating income for both Property Management and Operator Activities.

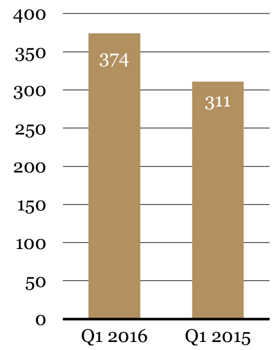
Financial income and expense

Financial expense amounted to MSEK -114 (-115), a decrease of MSEK 1. Financial income amounted to MSEK 0 (1).

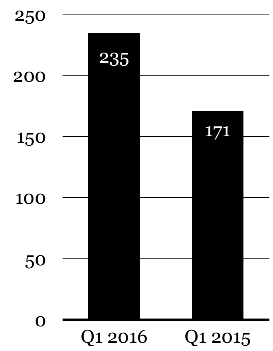
23%

NOI growth Property Management

Total net operating income, MSEK (January-March, 2016)[1]



Cash earnings, MSEK (January-March, 2016)[1]



[1] 18 hotel properties in Germany are included from 1 January 2016.

Profit before changes in value

Profit before changes in value amounted to MSEK 200 (144), an increase of 39 percent.

Changes in value

Unrealised changes in value for Investment Properties amounted to MSEK 200 (363) and are mainly explained by yield compression and thereby lower discount rates in the valuation of Investment Properties, and also to a certain extent the underlying cash flows in Pandox's property portfolio. Realised changes in value for Investment Properties amounted to MSEK 159 and are attributable to the divestment of eight hotel properties in Sweden, which was completed on 31 March 2016.

Changes in the value of derivatives amounted to MSEK -124 (-33).

Current and deferred tax

Current tax amounted to MSEK -1 (-5). Deferred tax expense amounted to MSEK -58 (-95),

Profit for the period

Profit for the period amounted to MSEK 376 (374) and profit for the period attributable to the Parent Company's shareholders amounted to MSEK 374 (374), which corresponds to SEK 2.49 (2.49) per share after full dilution.

Cash earnings

Cash earnings amounted to MSEK 235 (171), an increase of 37 percent.

Scandic Grand Marina, Helsinki

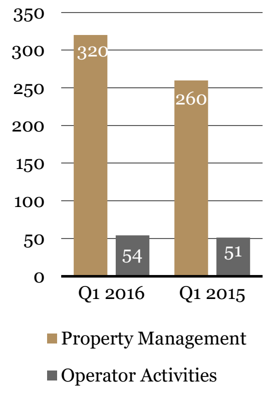
Segment reporting January-March 2016

Summary of segments

MSEK	Q1 2016	Q1 2015	FY 2015
Total gross profit	338	279	1,559
– *whereof gross profit Property Management*	*320*	*260*	*1,280*
– *whereof gross profit Operator Activities*	*18*	*19*	*279*
Net operating income Property Management			
– Net operating income equals gross profit	320	260	1,280
Net operating income Operator Activities			
– Gross profit	18	19	279
– Add: Depreciation included in costs, Operator Activities [1]	36	32	137
– Net operating income Operator Activities	54	51	416
Total net operating income	374	311	1,696
Central administration, excluding depreciation [1]	-24	-21	-93
EBITDA	350	290	1,603

[1] Total depreciation for Operator Activities and central administration amounts to: MSEK 36 (Q1 2016), MSEK 32 (Q1 2015), MSEK 138 (FY 2015).

Net operating income by segment, MSEK (January-March 2016)



Property Management

Investment Properties: MSEK 24,673 representing 79 percent of total property market value

Net operating income Property Management

MSEK	Q1 2016	Q1 2015	FY 2015
Rental income	374	319	1,431
Other property income	12	13	112
Costs, excluding property administration	-48	-56	-197
Net operating income, before property administration	338	276	1,346
Property administration	-18	-16	-66
Gross profit	320	260	1,280
Net operating income, after property administration	320	260	1,280

Rental income and other property income amounted to MSEK 386 (332) and net operating income amounted to MSEK 320 (260). Net operating income before property administration amounted to MSEK 338 (276).

The comparison is affected by the takeover of operations and reclassification of Mr Chip Hotel (1 June 2015), Lillehammer Hotel (1 June 2015), Best Western PLUS Hotel Prince Philip (1 October 2015) and Thon Hotel Fagernes (1 January 2016) as Operating Properties, and acquisitions. The 18 hotel properties in Germany that were consolidated at the start of the year have developed according to plan.

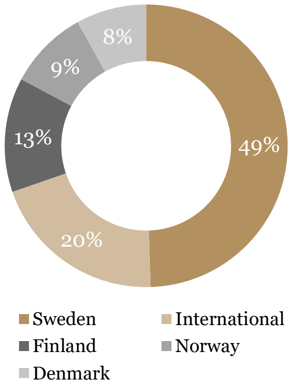
Adjusted for currency effects and comparable units, total rental income increased by 1 percent, supported by growth in the hotel market, increasing demand and higher average room rates.

Adjusted for currency effects and comparable units, net operating income increased by 1 percent, mainly as a result of higher rental income and a limited increase in property administration costs.

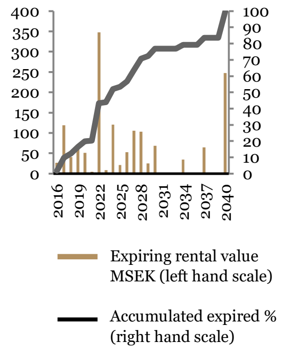
On 31 March 2016 Investment Properties had a weighted average unexpired lease term (WAULT) of 11.3 years (31 December 2015: 11.2). Overall, there is a good level of diversity in the lease maturity profile.

Revenue from the eight external asset management agreements in Oslo amounted to MSEK 0.7 (0) for the quarter.

Income by country Property Management, % (January–March 2016)



Lease maturity profile (31 March 2016)



Operator Activities

Operating Properties: MSEK 6,649, representing 21 percent of total property market value

Net operating income Operator Activities

MSEK	Q1 2016	Q1 2015	FY 2015
Revenues	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	54	51	416

Revenue from Operator Activities amounted to MSEK 442 (367) and net operating income amounted to MSEK 54 (51), an increase of 20 percent and 6 percent respectively. Thon Hotel Fagernes is included for the full period. The net operating margin was 12.2 (13.9) percent.

The increase in the quarter was limited by a negative effect on revenues and net operating income of approximately MSEK 11 and approximately MSEK 7 respectively compared with the same period last year, due to the terrorist attacks in Brussels on 22 March. Including the effect in the first quarter, the total negative effect on net operating income for full-year 2016 is expected to be approximately MSEK 40. The majority of the remaining effect is expected to occur in the second quarter of 2016.

Adjusted for currency effects and comparable units, revenues increased by 4 percent – including the Brussels and calendar effect – with a marginal decrease in net operating income of 0.5 percent.

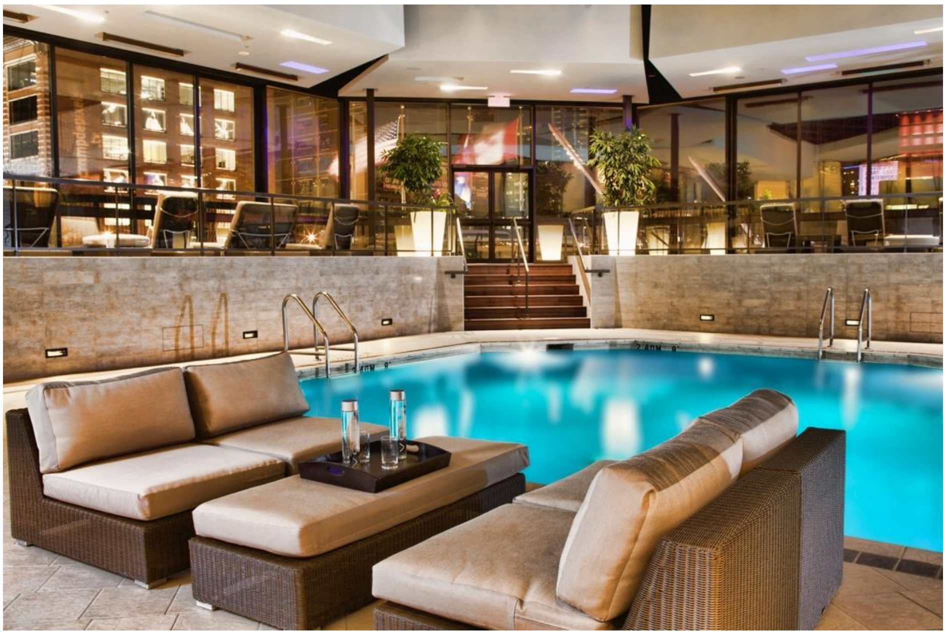
The increased revenues are explained by underlying growth, Grand Hotel Oslo and a stable recovery in Brussels until the date of the terrorist attacks. The decrease in net operating income is due to the events in Brussels and to Grand Hotel Oslo, which is reporting negative earnings and was not included in the basis for comparison in 2015. Productivity gains, a higher activity level in the hotel portfolio and a certain contribution to gross earnings from hotels where Pandox has recently taken over operations made a positive contribution.

Adjusted for currency effects and comparable units, RevPAR increased by 1 percent, mainly due to improved occupancy rates but also with support from improved average room rates.

Revenues from Grand Hotel Oslo, which is a pure operator activity without property ownership at a lower operating margin, amounted to MSEK 24 (0) and net operating income was MSEK -8 (0). The hotel is currently undergoing renovation.

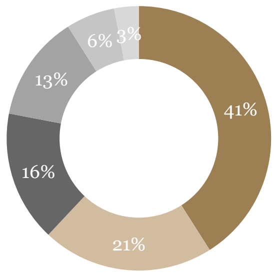
Adjusted for Grand Hotel Oslo, the net operating margin for Operator Activities was 14.8 (13.9) percent.

Asset management revenue from Pelican Bay Lucaya amounted to MSEK 0.2 (0) for the quarter.



Hyatt Regency, Montreal

Revenue by country
Operator Activities, %
(January – March 2016)



Belgium
Germany
Canada
Norway
Denmark
Other

Pandox's own brands
(31 March 2016)

Urban House
The Hotel. Brussels
Hotel Berlin, Berlin – Stay individual.
hotelbloom! Brussels
HOTELLI KORPILAMPI
LILLEHAMMER HOTEL

Property portfolio

Change in property values

At the end of the periods Pandox's property portfolio had a total market value of MSEK 31,322 (31,437), of which Investment Properties accounted for MSEK 24,673 (25,062) and Operating Properties for MSEK 6,649 (6,375). The market value of Operating Properties is reported for information purposes only.

The takeover of operations and reclassification of Thon Hotel Fagernes was implemented on 1 January 2016, and the divestment of eight hotel properties in Sweden was completed on 31 March 2016.

Operating Properties are recognised at cost less depreciation and any impairment. At the end of the period the carrying amount of the Operating Properties portfolio was MSEK 5,325 (5,128). The increase is mainly a result of the reclassification of Thon Hotel Fagernes and currency fluctuations.

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

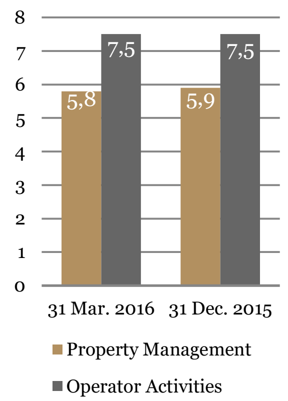
Change in value Operating properties (reported for information purposes only)

	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.

Refer to page 23 for an overview of the composition of the property portfolio by segment, geography and brand.

Average valuation yield, %
(31 March 2016)



Property valuation

Pandox performs internal valuations of its hotel property portfolio. Investment properties are recognised at fair value in accordance with accounting standard IAS 40. Operating properties are recognised at cost less accumulated depreciation and any accumulated impairment losses. The market value of Operating properties is reported for information purposes only.

The valuation model consists of an accepted and proven cash flow model, where the future cash flows the hotel properties are expected to generate are discounted. The valuation is based on the business plan for the hotel concerned, which is updated at least twice a year and takes into consideration, among other things, developments in the underlying operator activities, market developments, the contract situation, operating and maintenance issues and investments aimed at maximizing the hotel property's cash flow and return in the long term.

All properties are valued by external professional property appraisers independent of Pandox, and their assumptions and values form an important element in the assessment of the internal valuations.

External valuations of all properties are carried out annually by independent property appraisers. The external appraisers complete a more in-depth inspection at least every three years or in conjunction with major changes to the properties. The external valuations provide an important reference point for Pandox's internal valuations.

In the first quarter Pandox had external valuations performed on a quarter of the properties in its portfolio. The external valuation results are in line with and confirm Pandox's internal valuations.

Investments

Investments in the existing portfolio during the interim period, excluding acquisitions, amounted to MSEK 84 (86), of which MSEK 53 (40) was in Investment Properties and MSEK 31 (46) was in Operating Properties.

At the end of the period investments had been approved for future projects in an amount equivalent to a MSEK 695. Major investment projects include Leonardo Wolfsburg City, Hotel Berlin, Berlin, Mr Chip Hotel Kista, Elite Park Avenue Gothenburg, Elite Stora Hotellet Jönköping, Quality Ekoxen Linköping, Lillehammer Hotel and InterContinental Montreal.

Acquisitions and divestments

The divestment of eight investment properties in Sweden was completed on 31 March 2016.

Sensitivity analysis (MSEK)

Financial effects of changes in certain key valuation parameters as of March 31, 2016:

Investment properties, effect on fair value	Change	Effect on value
Yield	+/- 0.5pp	-1,961 / +2,331
Change in currency exchange rates	+/- 1%	+/- 121
Net operating income	+/- 1%	+/- 233

Investment properties, effect on revenues	Change	Effect on revenues
RevPAR (assuming 50/50 split between occupancy and rate)	+/- 1%	+/- 14

Operating properties, effect on revenues	Change	Effect on revenue
RevPAR (assuming 50/50 split between occupancy and rate)	+/- 1%	+/- 18

Financial sensitivity analysis, effect on earnings	Change	Profit before changes in value
Interest expenses with current fixed interest hedging of our portfolio, change in interest rates	+/- 1%	-/+ 63
Interest expenses with a change in the average interest rate level	+/- 1%	-/+ 152
Remeasurement of interest-rate derivatives following shift in yield-curves	+/- 1%	-/+ 394

Financing

Comparable figures in brackets refer to the corresponding period the previous year for profit/loss items and year-end 2015 for balance sheet items, unless otherwise stated.

Financial position and net asset value

At the end of the interim period the loan-to-value ratio was 48.6 percent (49.5). Equity attributable to the Parent Company's shareholders amounted to MSEK 12,597 (12,092) and the net asset value (NAV) as defined by EPRA was MSEK 16,825 (16,156). EPRA NAV per share was SEK 112.2 (107.7). Cash and cash equivalents, including unutilised long-term credit facilities, amounted to MSEK 2,978 (1,561).

Interest-bearing liabilities

At the end of the period the loan portfolio amounted to MSEK 15,219 (15,546). The average fixed rate period was 2.5 (2.6) years and the average interest rate, corresponding to the interest rate level at the end of the period, was 2.8 (2.8) percent including effects of interest-rate swaps. The average repayment period was 3.3 (3.4) years. The loans are secured by a combination of mortgage collateral and pledged shares.

Unutilised long-term credit facilities amounted to MSEK 2,158 (1,391).

In order to manage interest rate risk and increase the predictability of Pandox's revenue streams, interest rate derivatives, mainly interest rate swaps, are used. At the end of the period Pandox had interest rate swaps amounting to MSEK 8,524 and 51 percent of Pandox's loan portfolio was hedged against interest rate movements for periods longer than one year.

Interest maturity profile

	Interest maturity				Interest rate swaps		
(MSEK)	Loans	Interest swaps	Amount	Share	Volume	Share	Average interest swaps [1]
< 1 year	15,219	-7,700	7,519	49.4%	824	9.7%	3.4%
1–2 year	—	817	817	5.4%	817	9.6%	3.7%
2–3 year	—	792	792	5.2%	792	9.3%	3.1%
3–4 year	—	250	250	1.6%	250	2.9%	3.0%
4–5 year	—	1,750	1,750	11.5%	1,750	20.5%	2.7%
> 5 year	—	4,091	4,091	26.9%	4,091	48.0%	2.3%
Total/net/average	15,219	0	15,219	100.0%	8,524	100.0%	2.7%

[1] Excluding bank margins.

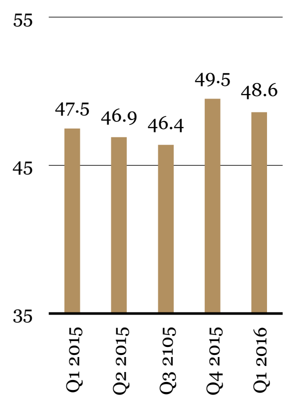
In order to reduce the currency exposure in foreign investment Pandox's main objective is to finance the applicable portion of the investment in local currency. Equity is normally not hedged as Pandox strategy is to have a long investment perspective. Currency effects are largely in form of translation effects.

Interest maturity profile by currency

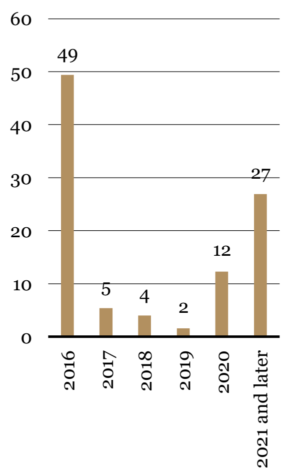
Year due (MSEK) [1]	SEK	DKK	EUR	CHF	CAD	NOK	Total	Share %	Interest % [2]
2016	946	533	4,671	213	220	936	7,519	49.4	2.9
2017	200	—	249	—	196	172	817	5.4	3.5
2018	250	—	231	—	—	196	677	4.4	3.1
2019	125	—	115	—	—	—	240	1.6	2.5
2020	900	149	826	—	—	—	1,875	12.3	2.8
2021 and later	2,700	495	896	—	—	—	4,091	26.9	2.3
Total	5,121	1,177	6,988	213	416	1,304	15,219	100.0	2.8
Share, %	33.6	7.7	45.9	1.4	2.7	8.6	100	—	—
Average interest rate, %	3.3	2.1	2.4	0.8	3.5	3.6	2.8	—	—
Average interest rate period, years	4.3	3.3	1.6	0.1	0.7	0.6	2.5	—	—
Property market value	12,879	2,704	11,450	706	841	2,742	31,322	—	—

[1] Converted to MSEK. [2] Average interest rate in percent including bank margin.

Loan-to-value per quarter, %



Interest maturity per year, %



Pandox uses interest rate derivatives to achieve a desired interest maturity profile. The market value of the derivatives portfolio is measured on each closing date, with the change in value recognised in profit or loss. Upon maturing, the market value of a derivative contract is dissolved entirely and the change in value over time thus does not affect equity.

On 31 March 2016 the market value of Pandox's financial derivatives amounted to MSEK -821 (-703). The change is mainly explained by a decrease in the market interest rate relative to the fixed interest rate in the interest swap contract.

Maturity structure interest-bearing debt

Year due (MSEK)	Loan maturity [2]	Interest, loans [1]	Net interest, interest [1] swaps, negative value	Total
2016	936	9	31	40
2017	246	3	29	32
2018	4,705	40	15	55
2019	5,779	75	5	80
2020	2,276	34	58	92
2021 and later	1,277	18	102	120
Total	15,219	179	240	419

[1] Calculation based on ending balance as of March 31, 2016 and actual interest rates as of the same date interest expense for the different maturity periods.
[2] Excluding current amortisation.

Of loans maturing in 2016 in the amount of MSEK 936, refinancing has been agreed for MSEK 140 for four years, to be paid out in May 2016, with loan amounts extended to MSEK 230. For the remaining loans maturing in 2016 (MSEK 796), the refinancing process has begun and the current lenders have expressed an interest in remaining as lenders.

Deferred tax

At the end of the period deferred tax assets amounted to MSEK 829 (800). These represent tax loss carryforwards which the Company expects to be able to use in upcoming fiscal years, and temporary measurement differences on interest rate derivatives.

Deferred tax liabilities amounted to MSEK 2,274 (2,281).

Other information

Press releases during the period

31 March 2016	Pandox has completed divestment of 8 hotels
30 March 2016	Notice of annual shareholders' meeting
18 February 2016	Year-end report 2015
16 February 2016	Pandox divests 8 hotels in Sweden for MSEK 850
11 February 2016	Pandox takes over operations at Quality Hotel & Resort Hafjell
4 February 2016	Pandox takes over operations at Quality Hotel & Resort Kristiansand
21 January 2016	Invitation to capital market day in Brussels

Press releases after the end of the period

8 April 2016	Pandox publishes annual report 2015
1 April 2016	Pandox brings forward the publication of its interim report by one day

For complete press releases please see www.pandox.se.

Important events after the period

No important events have occurred after the end of the period.

Employees

As of 31 March 2016, Pandox had the equivalent of 1,667 (1,624) full-time employees. Of the total number of employees, 1,634 (1,595) are employed in the Operator Activities segment and 33 (29) in the Property Management segment and in central administration.

Parent Company

Activities in the Pandox's property owning companies are administered by staff employed by the Parent Company, Pandox AB (publ). The costs of these services are invoiced to Pandox's subsidiaries. Invoicing during the period January-March amounted to MSEK 15 (14), and the profit for the period amounted to MSEK -54 (-70).

At the end of the period the Parent Company's shareholders' equity amounted to MSEK 2,787 (2,841) and interest bearing debt of MSEK 5,007 (5,810), of which MSEK 3,996 (4,087) in the form of long-term debt.

Transactions with related parties

The Parent Company carries out transactions with subsidiaries in the Group. Such transactions mainly entail allocation of centrally incurred administrational costs and interest expenses relating to receivables and liabilities. All related party transactions are entered into on market terms.

Pandox has entered into nine asset management agreements, regarding eight hotels located in Oslo and the Pelican Bay Lucaya resort in the Grand Bahama Island, which are owned by Eiendomsspar AS, subsidiaries of Eiendomsspar AS and affiliates of Helene Sundt AS and CGS Holding AS respectively. During the first quarter revenue from the asset management agreements amounted to MSEK 1 (0). As of March 1, 2015, Pandox operates Grand Hotel Oslo under a long-term lease agreement with the property owner Eiendomsspar AS. During the first quarter rental payments for Grand Hotel Oslo amounted to MSEK 6 (0).

Accounting principles

Pandox follows the International Financial Reporting Standards (IFRS) - and interpretations (IFRIC) - as they have been adopted by the EU. This interim report has been prepared according to IAS 34 Interim Financial Reporting and the Swedish Annual Accounts Act.

The interim report for the Parent Company has been prepared in accordance with Chapter 9 Interim Reports of the Swedish Annual Accounts Act.

The Parent Company applies the Swedish Annual Accounts Act and RFR2 "Accounting principles for legal entities". RFR2 implies that the Parent Company of the legal entity applies all EU approved IFRS principles and interpretations, within the framework defined by the Swedish Annual Accounts Act, and taking into consideration the connection between accounting and taxation.

The differences between the Group's and the Parent Company's accounting principles are described on page 26.

Number of shares

At the end of the period, the total number of undiluted and diluted shares outstanding amounted to 75,000,000 A shares and 75,000,000 B shares. For a fair comparison this number of shares is used for the calculation of also historical key ratios.

Financial risk management

Pandox seeks to achieve the lowest possible financing costs while simultaneously limiting risks related to interest rates, foreign currencies and borrowings.

Pandox seeks to manage the risk that changes in interest rate levels could negatively affect Pandox's results. Pandox's objective is that interest rate exposure is managed so that increased costs as a result of reasonable changes in interest rates are compensated through higher revenues. Pandox seeks to achieve this objective through maintaining a loan portfolio with varying maturity dates and fixed interest periods.

Further, Pandox has developed and implemented systems and procedures designed to support continuous monitoring and reporting of interest rate exposures. Pandox enters into interest-rate swaps to obtain fixed interest rates on a certain part of its debt portfolio.

Pandox's balance sheet and income statement are exposed to changes in the value of the Swedish Krona, as certain of Pandox's assets are denominated in foreign currencies. Pandox seeks to hedge a part of this exposure through entering into loans in the local currency where Pandox's assets are located.

Pandox seeks to manage the risk that external financing may become more difficult to access. Pandox aims to centralise, where possible, all Group borrowing in the Parent Company in order to gain flexibility and administrative benefits. Pandox's objective is to enter into long-term framework agreements that would allow for borrowings with various maturities.

Risk factors

Pandox's business and market are subject to certain risks which are completely or partly outside the control of the Company and which could affect Pandox's business, financial condition and results of operations. These direct and indirect risks are the same for the Group and the Parent Company, with the exception that the Parent Company does not engage directly in hotel operations. Risks are the same both on a short and long term basis.

Risk factors include, among others, the main following sector risks and risks related to the operations: (1) The value of Pandox's assets is exposed to macroeconomic fluctuations and the liquidity in the property market could decline. (2) Pandox is subject to risks in its business of repositioning and transforming hotel properties. (3) Pandox's costs of maintaining, replacing and improving its existing properties could be higher than estimated. (4) Pandox might be unable to identify and acquire suitable hotel properties. (5) Pandox may from time to time carry out acquisitions of new hotel properties, all of which are subject to risks. (6) Pandox may be unable to retain, and recruit, key personnel in the future. (7) Pandox depends on third party operators' reputation, brand, ability to run their businesses successfully and financial condition. (8) Pandox is exposed to environmental risks. (9) Pandox is exposed to interest rate fluctuations. (10) Pandox is exposed to the risk of being unable to refinance its facility agreements when they fall due. (11) Pandox is subject to certain risks common to the hotel industry, which are beyond the Company's control. (12) The hotel industry is characterised by intense competition and Pandox may be unable to compete effectively in the future. (13) New business models may enter the hotel industry. (14) The growth of Online Travel Agencies (OTAs) could materially and adversely affect Pandox's business and profitability.

Seasonal variations

The hotel industry is seasonal in nature. The periods during which the Company's properties experience higher revenues vary from property to property, depending principally upon location and the customer base served. Since the majority of the customers that stay at Pandox owned or operated hotels are business travelers, the Company's total revenues have historically been greater particularly in the second quarter. The timing of holidays and major events can also impact the Company's quarterly results.

Company information

Pandox AB (publ) is a Swedish limited liability company (corporate ID 556030-7885) with its registered office in Stockholm, Sweden. Pandox was formed in 1995 and the company's B shares are listed on Nasdaq Stockholm since 18 June 2015.

Forward-looking statements

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

Governing text

The report has been translated from Swedish. The Swedish text shall govern for all purposes and prevail in the event of any discrepancy.

Financial calendar

Annual General Meeting 2016	3 May 2016
Capital market day in Brussels	24 May 2016
Interim Report, Q2, April – June 2016	18 August 2016
Interim Report, Q3, July-September 2016	10 November 2016

More information about Pandox and our financial calendar is available at www.pandox.se.

Presentation of interim report

Pandox will present the interim report for institutional investors, analysts and media via a webcasted telephone conference, 3 May at 09:00 CEST.

To follow the presentation online go to http://media.fronto.com/cloud/pandox/160503. To participate in the conference call and ask questions, please call one of the telephone numbers indicated below about 10 minutes before the start of the presentation. The presentation material will be available at www.pandox.se at approximately 08:00 CEST.

SE: +46 (0)8 503 36 434
UK LocalCall: 08444933800
US LocalCall: 16315107498
Conference ID: 83218808

A recorded version of the presentation will be available at www.pandox.se.

Contact information

For further information, please contact:

Anders Nissen
CEO
+46 (0) 708 46 02 02

Liia Nõu
CFO
+46 (0) 702 37 44 04

Camilla Weiner
Head of Investor Relations
+46 (0) 707 52 08 57

Board of Directors' assurance

The Board of Directors and the CEO confirm that this report provides a fair overview of the Company's and the Group's business, position and results and describes the significant risks and uncertainties facing the Company and its subsidiaries. This interim report has not been examined by the company's auditors.

Stockholm, 2 May, 2016

Christian Ringnes
Chairman

Leiv Askvig
Board member

Olaf Gauslå
Board member

Bengt Kjell
Board member

Ann-Sofi Danielsson
Board member

Helene Sundt
Board member

Mats Wäppling
Board member

Anders Nissen
CEO

Pandox AB (publ) is required to publish this information under the Swedish Securities Market Act and/or Financial Instruments Trading Act. The information was submitted for publication on 3 May 2016 at 07:00 CEST.

Summary of financial reports

Condensed statement of profit and loss and other comprehensive income

MSEK	Note	Q1 2016	Q1 2015	FY 2015
Revenues Property Management				
Rental income	1	374	319	1,431
Other property income		12	13	112
Revenue Operator Activities	1	442	367	2,046
Total revenues		**828**	**699**	**3,589**
Costs Property Management	1	-66	-72	-263
Costs Operator Activities	1	-424	-348	-1,767
Gross profit		**338**	**279**	**1,559**
- whereof gross profit Property Management	1	320	260	1,280
- whereof gross profit Operator Activities	1	18	19	279
Central administration		-24	-21	-94
Financial income		0	1	3
Financial expenses		-114	-115	-441
Profit before changes in value		**200**	**144**	**1,027**
Changes in value				
Properties, unrealised	1	200	363	1,387
Properties, realised	1	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**
Other comprehensive income				
Items that have been or may be classified to profit or loss				
Translation differences foreign operations		131	-130	-287
Translation differences realisation of foreign operations		—	—	-4
Other comprehensive income for the period		**131**	**-130**	**-291**
Total comprehensive income for the period		**507**	**244**	**1,840**
Profit for the period attributable to the shareholders of the parent company		374	374	2,131
Profit for the period attributable to non-controlling interests		2	—	—
Total comprehensive income for the period attributable to the shareholders of the parent company		505	244	1,840
Total comprehensive income for the period attributable to non-controlling interests		2	—	—
Earnings per share, before and after dilution, SEK		2.49	2.49	14.21
Total earnings per share, before and after dilution, SEK		3.36	1.63	12.27

Condensed statement of financial position

MSEK	31-mar-16	31-mar-15	31-dec-15
ASSETS			
Non-current assets			
Operating properties	4,960	4,001	4,747
Equipment and interiors	365	707	381
Investment properties	24,673	21,233	24,335
Deferred tax assets	829	898	800
Other non-current receivables	20	28	25
Total non-current assets	30,847	26,867	30,288
Current assets			
Inventories	15	10	14
Current tax assets	65	42	64
Trade account receivables	141	115	173
Prepaid expenses and accrued income	114	75	109
Other current receivables	10	12	70
Cash and cash equivalents	820	378	170
Assets held for sale [3]	—	—	732
Total current assets	1,165	632	1,332
Total assets	32,012	27,499	31,620
EQUITY AND LIABILITIES			
Equity			
Share capital	375	375	375
Other paid-in capital	2,138	2,138	2,138
Reserves	-277	-247	-408
Retained earnings, including profit for the period	10,361	8,380	9,987
Equity attributable to the owners of the Parent Company	12,597	10,646	12,092
Non-controlling interests	125	—	123
Sum equity	12,722	10,646	12,215
LIABILITIES			
Non-current liabilities			
Interest-bearing liabilities [1]	14,001	11,599	13,720
Derivatives [2]	821	933	703
Provisions	71	42	56
Deferred tax liability	2,274	2,074	2,281
Total non-current liabilities	17,167	14,648	16,760
Current liabilities			
Provisions	10	12	12
Interest-bearing liabilities [1]	1,218	1,222	1,826
Tax liabilities	6	17	2
Trade accounts payable	163	143	212
Liabilities group companies	—	158	—
Other current liabilities	181	150	99
Accrued expenses and prepaid income	545	503	482
Debt related to assets held for sale [3]	—	—	12
Total current liabilities	2,123	2,205	2,645
Total liabilities	19,290	16,853	19,405
Total equity and liabilities	32,012	27,499	31,620

[1] The carrying amounts of interest-bearing liabilities and other financial instruments constitute a reasonable approximation of their fair values. [2] The fair value measurement belongs to level 2 in the fair value hierarchy in IFRS, i.e., it is based on inputs that are observable, either directly or indirectly. [3] Related to divestment of eight investment properties in Sweden 31 March 2016, of which MSEK 728 in book value properties and MSEK 4 in other assets.

Condensed statement of changes in equity

MSEK	Share capital	Other paid in capital	Translation reserves	Retained earnings	Total	Non-controlling interests	Total equity
	Attributable to the owners of the parent company						
Opening balance equity January 1, 2015	375	2,138	-117	8,006	10,402	—	10,402
Profit for the period	—	—	—	374	374	—	374
Other comprehensive income	—	—	-130	—	-130	—	-130
Comprehensive income for the period	—	—	-130	374	244	—	244
Closing balance equity March 31, 2015	375	2,138	-247	8,380	10,646	—	10,646
Profit for the period quarter 2-4 2015	—	—	—	1,757	1,757	—	1,757
Other comprehensive income for the period quarter 2-4 2015	—	—	-161	—	-161	—	-161
Comprehensive income for the period quarter 2-4 2015	—	—	-291	2,131	1,840	—	1,840
Dividend	—	—	—	-150	-150	—	-150
Change in non-controlling interests	—	—	—	—	—	123	123
Closing balance equity December 31, 2015	375	2,138	-408	9,987	12,092	123	12,215
Opening balance equity January 1, 2016	375	2,138	-408	9,987	12,092	123	12,215
Profit for the period	—	—	—	374	374	2	376
Other comprehensive income	—	—	131	—	131	0	131
Comprehensive income for the period	—	—	131	374	505	2	507
Closing balance equity March 31, 2016	375	2,138	-277	10,361	12,597	125	12,722

Condensed statement of cash flow

MSEK	Q1 2016	Q1 2015	FY 2015
OPERATING ACTIVITIES			
Profit before tax	435	473	2,629
Reversal of depreciation	36	32	137
Changes in value, Investment properties, realised	-159	—	-12
Changes in value, Investment properties, unrealised	-200	-363	-1,387
Changes in value, derivatives, unrealised	124	33	-203
Other items not included in the cash flow	—	—	12
Taxes paid	-1	-4	-6
Cash flow from operating activities before changes in working capital	235	171	1,170
Increase/decrease in operating assets	38	12	-119
Increase/decrease in operating liabilities	69	-33	-187
Change in working capital	107	-21	-306
Cash flow from operating activities	342	150	864
INVESTING ACTIVITIES			
Investments in properties and fixed assets	-84	-86	-392
Divestment of subsidiaries, net effect on liquidity	843	—	124
Acquisitions of subsidiaries, net effect on liquidity	—	—	-3,720
Acquisitions of financial assets	-6	0	-1
Divestment of financial assets	12	1	3
Cash flow from investing activities	765	-85	-3,986
FINANCING ACTIVITIES			
New loans	1,185	—	3,899
Amortization of debt	-1,645	-8	-887
Acqusition of non-controlling interest	—	—	123
Paid dividends	—	—	-150
Cash flow from financing activities	-460	-8	2,985
Cash flow for the period	647	57	-137
Cash and cash equivalents at beginning of period	170	321	321
Exchange differences in cash and cash equivalents	3	0	-14
Cash and cash equivalents at end of period	820	378	170
Information regarding interest payments			
Interest received	0	1	3
Interest paid	-112	-114	-430
Information regarding cash and cash equivalents end of period	820	378	170
Cash and cash equivalents consist of bank deposits.			

Certain definitions and key ratios

Net operating income (MSEK)	Q1 2016	Q1 2015	FY 2015
PROPERTY MANAGEMENT			
Investment properties			
Rental income	374	319	1,431
Other property income	12	13	112
Expenses, excluding property administration	-48	-56	-197
Net operating income, before property administration	338	276	1,346
Property administration	-18	-16	-66
Net operating income, after property administration, equals gross profit, Property Management	320	260	1,280
OPERATOR ACTIVITIES			
Operating properties			
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	54	51	416
EBITDA reconciliation (MSEK)			
Gross profit	338	279	1,559
Add: Depreciations included in costs, Operator Activities	36	32	137
Less: Central administration, excluding depreciation	-24	-21	-93
EBITDA	350	290	1,603
Cash earnings (MSEK)			
EBITDA	350	290	1,603
Add: Financial income	0	1	3
Less: Financial cost	-114	-115	-441
Less: Current tax	-1	-5	-35
Cash earnings	235	171	1,130
EPRA NAV (MSEK)			
Shareholders' equity per financial statement, Group	12,597	10,646	12,092
Add: Revaluation of Operating properties	1,324	1,054	1,248
Add: Fair value of financial derivatives	821	933	703
Less: Deferred tax assets related to derivatives	-191	-205	-168
Add: Deferred tax liabilities related to properties	2,274	2,011	2,281
EPRA NAV	16,825	14,439	16,156

Financial data	Q1 2016	Q1 2015	FY 2015
Return on equity, in %	3.0	3.6	18.9
Equity to assets ratio, in %	39.7	38.7	38.6
Loan to value, in %	48.6	47.5	49.5
Interest coverage ratio, times	3.1	2.5	3.6
Average cost of debt end of period, in %	-2.8	-3.4	-2.8
Net interest-bearing debt, MSEK	14,399	12,444	15,376
Investments, excluding acquisitions, MSEK	84	86	392
Per share data [1]			
Earnings per share, SEK	2.49	2.49	14.21
Cash earnings per share, SEK	1.57	1.14	7.53
Shareholders' equity per share, SEK	83.98	70.97	80.61
Net asset value (EPRA NAV) per share, SEK	112.16	96.25	107.71
Dividend per share, SEK [3]	—	—	3.80
Weighted average number of shares outstanding, after dilution, thousands [1]	150,000	150,000	150,000
Property data			
Number of hotels, end of period [2]	113	104	121
Number of rooms, end of period [2]	24,225	21,969	25,190
WAULT, yrs	11.3	8.7	11.2
Total property market value, MSEK	31,322	26,996	31,437
Property market value Investment properties, MSEK	24,673	21,233	25,062
Property market value Operating properties, MSEK	6,649	5,763	6,375
RevPAR (Operating properties) for comparable units at comparable exchange rates, SEK	547	540	668

[1] Retrospectively adjusted for share split in May 2015. Total number of outstanding shares after split amount to 150,000,000, of which 75,000,000 A shares and 75,000,000 B shares. For a fair comparison this number of shares is used for the calculation of key ratios. [2] Pandox's owned hotel properties. [3] For 2015 is indicated ordinary dividend.

Condensed income statement for the Parent Company

MSEK	Q1 2016	Q1 2015	FY 2015
Net sales	15	14	56
Administration cost	-33	-27	-123
Other income	—	—	9
Operating profit	-18	-13	-58
Financial income	—	0	669
Interest rate cost	11	4	65
Received dividends	-47	-61	-211
Profit after financial cost	-54	-70	465
Year-end appropriations	—	—	106
Profit before tax	-54	-70	571
Current tax	—	—	—
Profit for the period	-54	-70	571

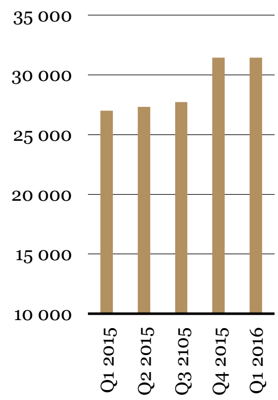
Condensed balance sheet for the Parent Company

MSEK	31-mar-16	31-mar-15	31-dec-15
Assets			
Non-current assets	0	1	0
Financial assets	11,355	10,768	11,775
Current assets	206	162	112
Total assets	11,561	10,931	11,887
Equity and liabilities			
Equity	2,787	2,336	2,841
Provisions	33	6	30
Non-current liabilities	3,996	3,610	4,087
Current liabilities	4,745	4,979	4,929
Total equity and liabilities	11,561	10,931	11,887

Property portfolio overview

At the end of the period, Pandox's property portfolio comprised 113 (31 December, 2015: 121) hotel properties with 24,225 (December 31, 2015: 25,190 hotel rooms in eight countries. The Company's main geographical focus, which represents approximately 68 percent of the portfolio by market value, is the Nordics. Of the owned hotel properties, 94 are leased to third parties, which means that approximately 79 percent of the portfolio market value is covered by external leases. These are reported in the Property Management segment. The remaining 19 hotels are owned and operated by Pandox and are reported in the Operator Activities segment

Market value properties per quarter, MSEK



Portfolio overview by segment and geography

Property Management Investment properties	No. of hotels	No. of rooms	Property value (MSEK)	Property value in % of total	Value per room (MSEK)
Sweden	42	8,554	12,584	40.2%	1.5
Norway	12	2,061	2,423	7.7%	1.2
Finland	13	2,911	3,020	9.6%	1.0
Denmark	7	1,405	2,103	6.7%	1.5
International	20	3,721	4,543	14.5%	1.2
Total Investment properties	94	18,652	24,673	78.8%	1.3
Operator Activities Operating properties					
Sweden	2	358	295	0.9%	0.8
Norway	2	441	319	1.0%	0.7
Finland	1	151	42	0.1%	0.3
Denmark	2	440	601	1.9%	1.4
International	12	4,183	5,392	17.2%	1.3
Total Operating properties	19	5,573	6,649	21.2%	1.2
Total owned properties	113	24,225	31,322	100%	1.3

The majority of Pandox's tenant base consists of well-known hotel operators with strong hotel brands in their respective markets. The tenants are both Nordic-oriented hotel operators, such as Scandic (the largest hotel operator in the Nordics with more than 200 hotels), Nordic Choice, and operators focused on other regions and global markets such as Fattal (Leonardo), Rezidor (Radisson Blu) and Hilton.

Pandox's portfolio by brand

Brand	No. of hotels	No. of rooms	Countries
Scandic	44	9,449	SE, NO, FI, DK, BE
Leonardo	16	2,921	DE
Nordic Choice	15	2,334	SE, NO
Radisson Blu	6	1,390	SE, NO, CH, DE
Hilton	4	1,001	SE, FI, BE
Holiday Inn	4	963	BE, DE
First Hotels	4	621	SE, DK
Crowne Plaza	2	616	BE
Hyatt	1	607	CAN
Best Western	3	563	SE, FI
Elite	2	452	SE
InterContinental	1	357	CAN
Thon	1	138	NO
Rantasipi	1	135	FI
Independent brands	9	2,678	SE, NO, FI, DK, BE, DE
Total	113	24,225	8

Notes

Not 1 Operating segments

Pandox's segments consist of the Property Management and Operator Activities business streams. The Property Management segment owns, improves and manages hotel properties and provides external customers with premises for hotel operations, as well as other types of premises adjacent to hotel properties. The Property Management segment also includes eight asset management contracts for externally owned hotel properties. The Operator Activities segment owns hotel properties and operates hotels in such owned properties. The Operator Activities segment also includes one hotel operated under a long-term lease agreement and one hotel property under an asset management agreement. Non-allocated items are any items that are not attributable to a specific segment or are common to all. The segments have been established based on the reporting that takes place internally to executive management on financial outcomes and position. Segment reporting applies the same accounting principles as those used in the annual report in general, and the amounts reported for the segments are the same as those for the Group. Material transactions between the segments consist of internal interest-bearing loans. There are no internal sales between the segments. Scandic Hotels and Leonardo Hotels are tenants who account for more than 10 per cent of revenues.

Q1 2016	Property Management	Operator Activities	Group and non-allocated items	Total
Revenue Property Management				
Rental and other property income	386	—	—	386
Revenue Operator Activities	—	442	—	442
Total revenues	386	442	—	828
Costs Property Management	-66	—	—	-66
Costs Operator Activitities	—	-424	—	-424
Gross profit	320	18	—	338
- whereof gross profit Property Management	*320*	—	—	*320*
- whereof gross profit Operator Activities	—	*18*	—	*18*
Central administration	—	—	-24	-24
Financial income	—	—	0	0
Financial expenses	—	—	-114	-114
Profit before changes in value	320	18	-138	200
Changes in value				
Properties, unrealised	200	—	—	200
Properties, realised	159	—	—	159
Derivatives, unrealised	—	—	-124	-124
Profit before tax	679	18	-262	435
Current tax	—	—	-1	-1
Deferred tax	—	—	-58	-58
Profit for the period	679	18	-321	376

Q1 2016	Sweden	Denmark	Norway	Finland	International	Total
Geographical area						
Revenue						
- Property Management	190	31	35	50	80	**386**
- Operator Activities	9	25	60	6	342	**442**
Market value properties	12,879	2,704	2,742	3,062	9,935	**31,322**
Investments in properties	30	21	6	0	27	**84**
Acquisitions of properties	—	—	—	—	—	—
Realised value change properties	159	—	—	—	—	**159**

Note 1 cont'd.

Q1 2015	Property Management	Operator Activities	Group and non-allocated items	Total
Revenue Property Management				
Rental and other property income	332	—	—	332
Revenue Operator Activities	—	367	—	367
Total revenues	332	367	—	699
Costs Property Management	-72	—	—	-72
Costs Operator Activities	—	-348	—	-348
Gross profit	260	19	—	279
- whereof gross profit Property Management	*260*	—	—	*260*
- whereof gross profit Operator Activities	—	*19*	—	*19*
Central administration	—	—	-21	-21
Financial income	—	—	1	1
Financial expenses	—	—	-115	-115
Profit before changes in value	260	19	-135	144
Changes in value				
Properties, unrealised	363	—	—	363
Properties, realised	—	—	—	—
Derivatives, unrealised	—	—	-33	-33
Profit before tax	623	19	-168	474
Current tax	—	—	-5	-5
Deferred tax	—	—	-95	-95
Profit for the period	623	19	-268	374

Q1 2015	Sweden	Denmark	Norway	Finland	International	Total
Geographical area						
Revenue						
- Property Management	193	29	46	49	15	**332**
- Operator Activities	—	19	—	5	343	**367**
Market value properties	12,573	2,549	2,740	3,084	6,050	**26,996**
Investments in properties	28	19	1	12	26	**86**
Acqusitions of properties	—	—	—	—	—	**—**
Realised value change properties	—	—	—	—	—	**—**

Differences between the Group's and the Parent Company's accounting principles

The differences between the Group's and the Parent Company's accounting principles are described below. The accounting principles described below for the Parent Company have been applied consistently in all periods presented in the Parent Company's financial statements.

Classification and presentation

The Parent Company's interim report includes an income statement and balance sheet in accordance with Chapter 9 of the Annual Accounts Act (ÅRL). They are presented according to the presentation schedule in ÅRL. The differences between the Parent Company's income statement and balance sheet and the Group's financial statements mainly relate to reporting of financial income and expense, non-current assets, equity, and provisions as a separate heading in the balance sheet.

Subsidiaries

The Parent Company recognises participations in subsidiaries according to the cost method, whereby transaction expenses are included in the carrying amounts of holdings in subsidiaries. In the consolidated financial statements transaction expenses attributable to subsidiaries are recognised directly through profit or loss as they arise.

Contingent consideration is measured based on the likelihood that the consideration will be paid. Any changes in provisions/receivables are added to/subtracted from cost. In the consolidated accounts contingent consideration is recognised at fair value with changes in value recognised through profit or loss.

The value on shares and participations in subsidiaries are tested if there is an indication of an impairment need.

Financial instruments and hedge accounting

Due to the connection between reporting and taxation, the rules for financial instruments and hedge accounting in IAS 39 are not applied for the Parent Company as a legal entity.

The Parent Company's financial non-current assets are measured at cost less any impairment losses, and financial current assets are measured according to the lowest cost principle. The cost of interest-bearing instruments is adjusted for the accrued difference between the amount originally paid after deducting transaction costs and the amount paid on the maturity date (premium or discount).

Interest-rate swaps that effectively hedge cash-flow risk in interest payments on liabilities are measured net of the accrued receivable for variable interest and accrued liability for fixed interest. The difference is recognised as interest expense or interest income. Hedging is effective if the financial substance of the hedge and the liability are the same as if the liability had instead been recognised at a fixed market interest rate when the hedging relationship was entered into. Any premium paid for the swap agreement is accrued as interest over the term of the agreement.

Anticipated dividends

Anticipated dividends from subsidiaries are reported in cases where the Parent Company has the sole right to determine the size of the dividend and the Parent Company has taken a decision on the size of the dividend before publishing its financial statements.

Operating segment reporting

The Parent Company does not report segments with the same breakdown and to the same extent as the Group, but instead discloses the breakdown of net sales by the Parent Company's business streams.

Property, plant and equipment

Property, plant and equipment for the Parent Company is recognised at cost after deduction for accumulated depreciation and any impairment losses in the same way as for the Group but with the addition of any appreciation.

Leased assets

The Parent Company recognises all leases according to the rules for operating leases.

Group contributions

Group contributions made to/received from subsidiaries are recognised as year-end appropriations in the income statement for the parent company.

Definitions

FINANCIAL INFORMATION

Rounding off
Since amounts have been rounded off in MSEK, the tables do not always add up.

Return on equity, %
Profit or loss for the period, attributable to the Parent Company's shareholders, as a percentage of average equity attributable to the shareholders of the Parent Company.

Equity/assets ratio, %
Recognised equity as a percentage of total assets.

Loan-to-value ratio, %
Interest-bearing liabilities as a percentage of the properties' market value at the end of the period.

Interest coverage ratio, %
Profit before changes in value plus financial expense and depreciation, divided by financial expense.

Average interest on debt, %
Average interest rate paid as a percentage of current interest-bearing debt.

Net interest-bearing debt, MSEK
Interest-bearing liabilities less cash and cash equivalents and short-term investments that are equivalent to cash and cash equivalents.

Investments, excl. acquisitions, MSEK
Investments in non-current assets excluding acquisitions.

Gross profit, Property Management, MSEK
Revenue less directly related costs for Property Management.

Gross profit, Operator Activities, MSEK
Revenue less directly related costs for Operator Activities and including depreciation of Operator Activities.

Net operating income, Property Management, MSEK
Net operating income corresponds to gross profit for Property Management.

Net operating income, Operator Activities, MSEK
Gross profit for Operator Activities plus depreciation included in costs for Operator Activities.

EBITDA, MSEK
Total net operating income less central administration (excluding depreciation).

Cash earnings, MSEK
EBITDA plus financial income less financial expense less current tax.

PER SHARE

Earnings per share, SEK
Profit for the period attributable to the Parent Company's shareholders divided by the weighted average number of shares outstanding.

Cash earnings per share, SEK
EBITDA plus financial income less financial expense less current tax, divided by the weighted average number of shares outstanding.

Equity per share, SEK
Equity attributable to the Parent Company's shareholders, divided by the number of shares outstanding at the end of the period.

Net asset value (EPRA NAV) per share, SEK
Recognised equity, attributable to the Parent Company's shareholders, including reversal of derivatives, deferred tax and revaluation of Operating Properties, divided by the total number of shares outstanding after dilution at the end of the period.

Earnings per share, SEK
Proposed/approved dividend for the year divided by the weighted average number of outstanding shares after dilution at the end of the period.

Weighted average number of shares before dilution, thousands
The weighted average number of outstanding shares taking into account changes in the number of shares outstanding, before dilution, during the period.

Weighted average number of shares after dilution, thousands
The weighted average number of outstanding shares taking into account changes in the number of shares outstanding, after dilution, during the period.

PROPERTY INFORMATION

No. of hotels
No. of owned hotel properties at the end of the period.

No. of rooms
Number of rooms in owned hotel properties at the end of the period.

WAULT (Investment Properties)
Average lease term remaining to expiry, across the property portfolio, weighted by contracted rental income.

Market value properties, MSEK
Market value of Investment Properties plus market value of Operating Properties.

RevPAR for Operating Properties (comparable units at constant exchange rates), SEK
Revenue per available room, i.e. total revenue from sold rooms divided by the number of available rooms. Comparable units are defined as hotel properties that have been owned during the entire current period and the comparative period. Constant exchange rate is defined as the exchange rate for the current period, and the comparative period is recalculated based on that rate.

Pandox AB (publ) | Corp. reg. no. 556030-7885
Postal address | Pandox AB | Box 15 | 101 20 Stockholm, Sweden
Street address | Vasagatan 11 | 9th floor | Stockholm, Sweden
Tel. +46 (0)8 506 205 50 | www.pandox.com