

Cautious optimism

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Carnegie Real
Estate Seminar
2021

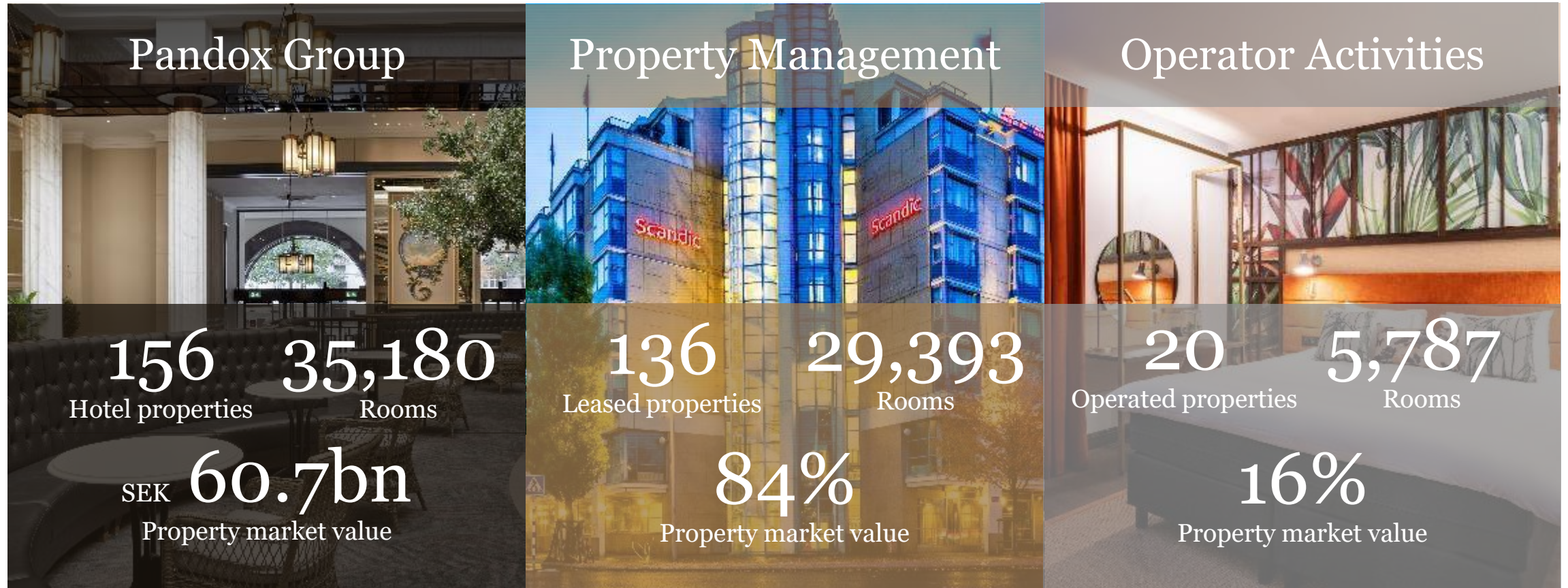
15 ▪ 09 ▪ 2021

Pandox™

Lobby @h27, Copenhagen

Strategic position

A well-diversified portfolio



Per 30 June 2021

Strategic position

A strong network of brands and partners



Note: The logos are the property of the respective brand owners.

Q2 2021 in brief

Positive market signals

- Gradually improving demand
- Growth in both revenue and earnings
- Strong financial position
- Attractive position in recovery phase

-5%

R12M

Return on equity²⁾

+32%

Apr-Jun 2021

Growth in total
net operating income¹⁾

+11%

Apr-Jun 2021

LFL growth in NOI
Property Management³⁾

MSEK 4,377

30 Jun 2021

Liquid funds and unutilised
credit facilities

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

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

Q2 2021 in brief

Covid-19 effects on Pandox

- Gradual improvement in business conditions, from a low level
- Positive earnings growth
- Government support of MSEK 98 in Operator Activities (previous periods)
- Minimum and fixed rent main source of income
- Modest value changes
- Increase in trade account receivables reflecting temporary payment terms

New products
DoubleTree by Hilton
Brussels City

354 rooms
Operator Activities

Extensive renovation
Change of brand (from
Crowne Plaza)



New products
Scandic Luleå

273 rooms
Property Management

Extension with 119 rooms
Renovation of public areas



Recent news

1 September 2021

Pandox signs new lease
agreement with Motel One for
h27 in central Copenhagen

200 rooms



Recent news

31 August 2021

Pandox takes over operations
its hotel property in
Nuremberg and makes
extensive investment

316 rooms



Current revenue

Revenue model which limits fluctuations

- Revenues from a mix of operational models and agreement types
- Minimum rent and fixed rent from Property Management main source of revenue
 - Slightly less than MSEK 500 per quarter*
 - Revenue-based rents of MSEK 51 in Q2 2021*
- Revenues from Operator Activities of MSEK 146 in Q2 2021

Contract structure gives different revenue exposures

Full and immediate impact from market recovery <i>Full exposure</i>	35%	Operator Activities	16%
		Revenue-based leases without minimum guaranteed rent	19%
Gradual impact from market recovery <i>Downside protection</i>	65%	Revenue-based leases with minimum guaranteed rent	58%
		Fixed leases	7%

Given the hotel market's weak start of the year and the design of the agreements, only limited variable revenue is expected in leases with minimum guaranteed rent in 2021

Valuations based on established model

Value change

Change in value Investment Properties

	Figures in MSEK
Investment Properties, opening balance (1 January, 2021)	50,181
+ Acquisitions	—
+ Investments in current portfolio	340
- Divestments	—
+/- Reclassifications	—
+/- Revaluation of fixed assets to total comprehensive income for the period	—
+/- Unrealised changes in value	-456
+/- Realised changes in value	—
+/- Change in currency exchange rates	850
Investment Properties, closing balance (30 June, 2021)	51,365

**-0.9%
YTD**

Change in value Operating Properties, reported for information purposes only

	Figures in MSEK
Operating Properties, market value (1 January, 2021)	9,361
+ Acquisitions	—
+ Investments in current portfolio	226
- Divestments	-6
+/- Reclassifications	—
+/- Unrealised changes in value ¹⁾	3
+/- Realised changes in value	—
+/- Change in currency exchange rates	197
Operating Properties, market value (30 June, 2021)	9,781

**0.0%
YTD**

-0.8% YTD

¹⁾ Decommissioning FF&E

Comments per 30 June, 2021

- Valuations made according to same method and established cash-flow model used since the IPO 2015
- Downward adjustments due to lower anticipated cash flow. Conclusive transaction evidence for yields still missing
- Yields and cash flow expected to be estimated with greater precision when the effects of Covid-19 become clearer
- Approximately 70 percent of the properties externally valued during the past 12 months
- External valuations are on average some 6 percentage points below Pandox's internal valuations, but exhibit large dispersion both within and between markets
- The 22 external valuations carried out in the second quarter are in total approximately 2 percent above Pandox's internal valuations
- Total property portfolio market value amounted to MSEK 60,696 (59,542)
- Average valuation yield for Investment Properties was 5.46 (5.44) percent and for Operating Properties 6.38 (6.37) percent

Property portfolio

Pandox's approach

Value change, MSEK	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021	Q2 2021
Property Management	-611	-320	-315	-533	-351	-105
Operator Activities	-347	-282	-284	-101	7	-4
Total	-958	-1,560	-2,159	-2,793	-3,137	-3,246
Accumulated change, %	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021	Q2 2021
Property Management	-1.1%	-1.7%	-2.3%	-3.3%	-4.0%	-4.2%
Operator Activities	-3.6%	-6.4%	-9.3%	-10.4%	-10.3%	-10.3%
Total	-1.5%	-2.5%	-3.4%	-4.4%	-4.9%	-5.1%

Full risk

Shared risk

Note: Value changes are accumulated from Q1 2020, i.e., the start of the Covid-19 pandemic

- High correlation between restrictions and demand
- Strong recovery in hotel markets when restrictions are eased driven by domestic demand (USA, China, UK)
- Banks are supportive and liquidity is strong
- Individual business plans for each hotel property
- Superior knowledge of the value drivers for each asset

Short-term cash flow effect
YES

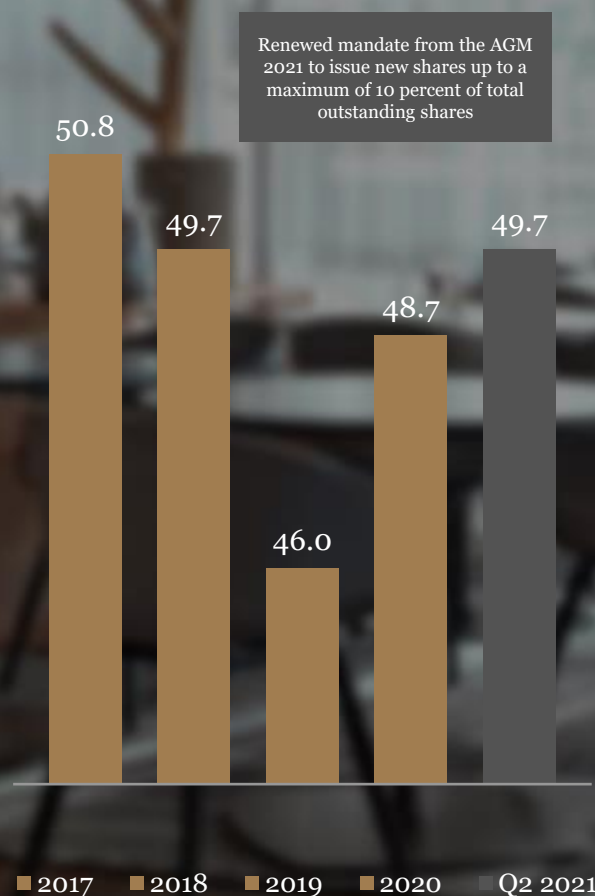
Long-term yield effect
NO

Financing and capital structure

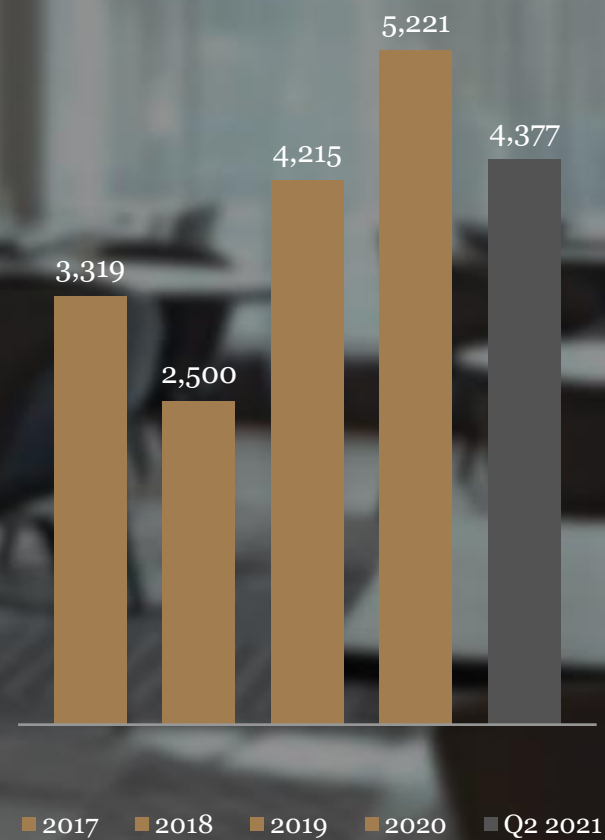
EPRA NRV (MSEK)



Loan to value (%)



Cash and cash equivalents and long-term unutilised credit facilities (MSEK)



Three focus areas

- *Respond* – manage the acute phase of the crisis
- *Restart* – plan for the recovery
- *Reinvent* – what's next?

Six development levels...

...to get back to full performance



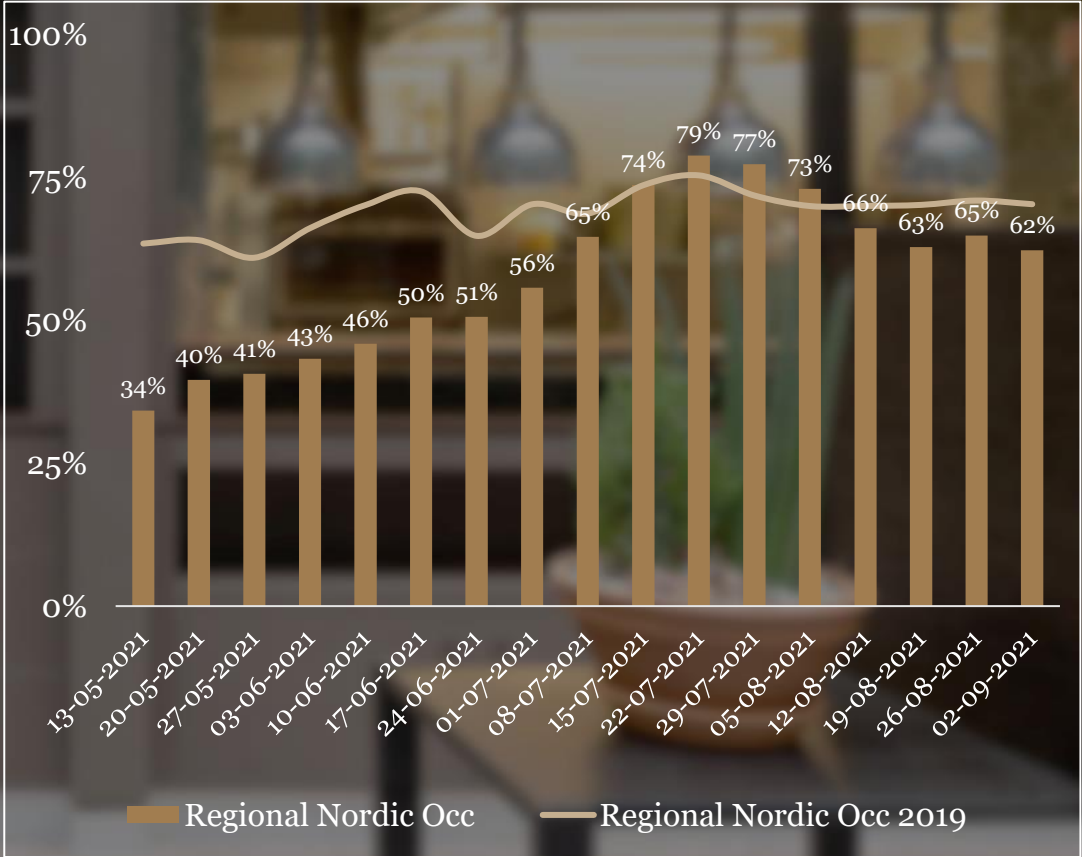
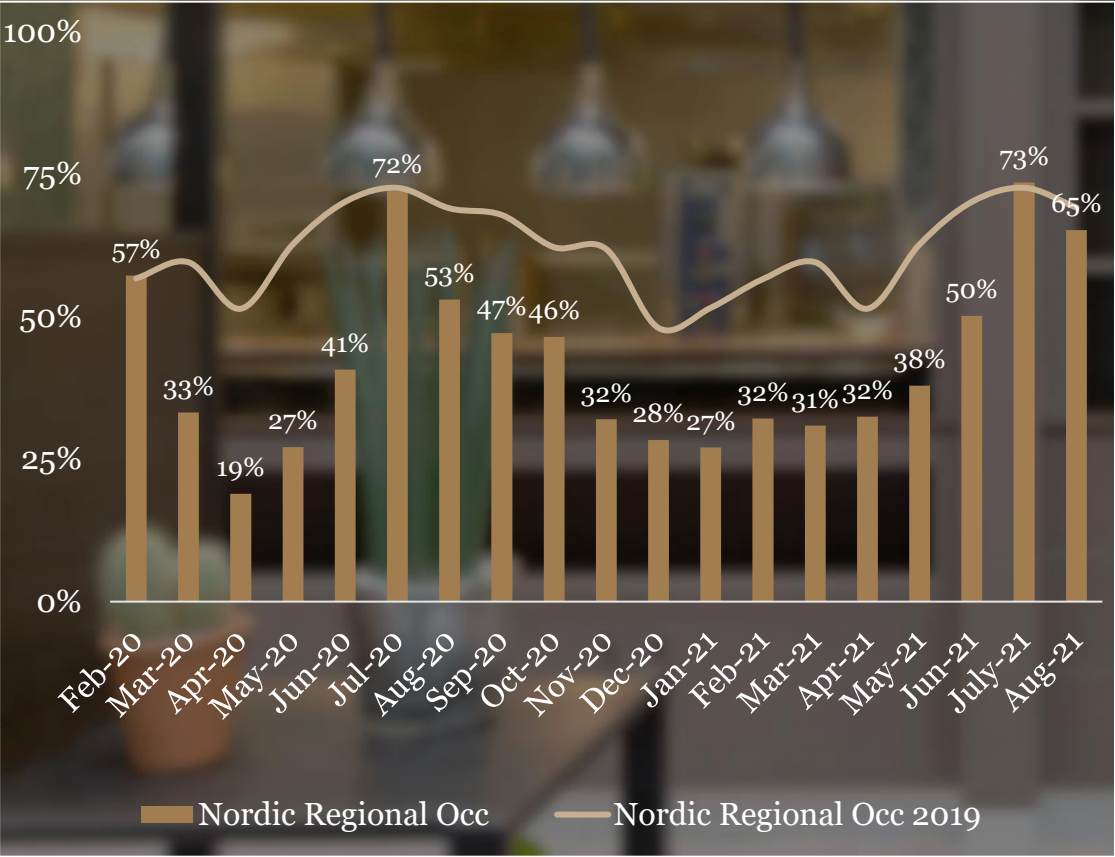
Hotel market development during Covid-19

Gradual improvements in Q2

- Weak start due to restrictions
- In May/June restrictions started to ease in all hotel markets
- Immediate and tangible positive effect on hotel demand (from low levels)
- Domestic leisure main driver, but domestic business is also growing
- Smaller meetings in some markets
- International travel still impaired due to various restrictions

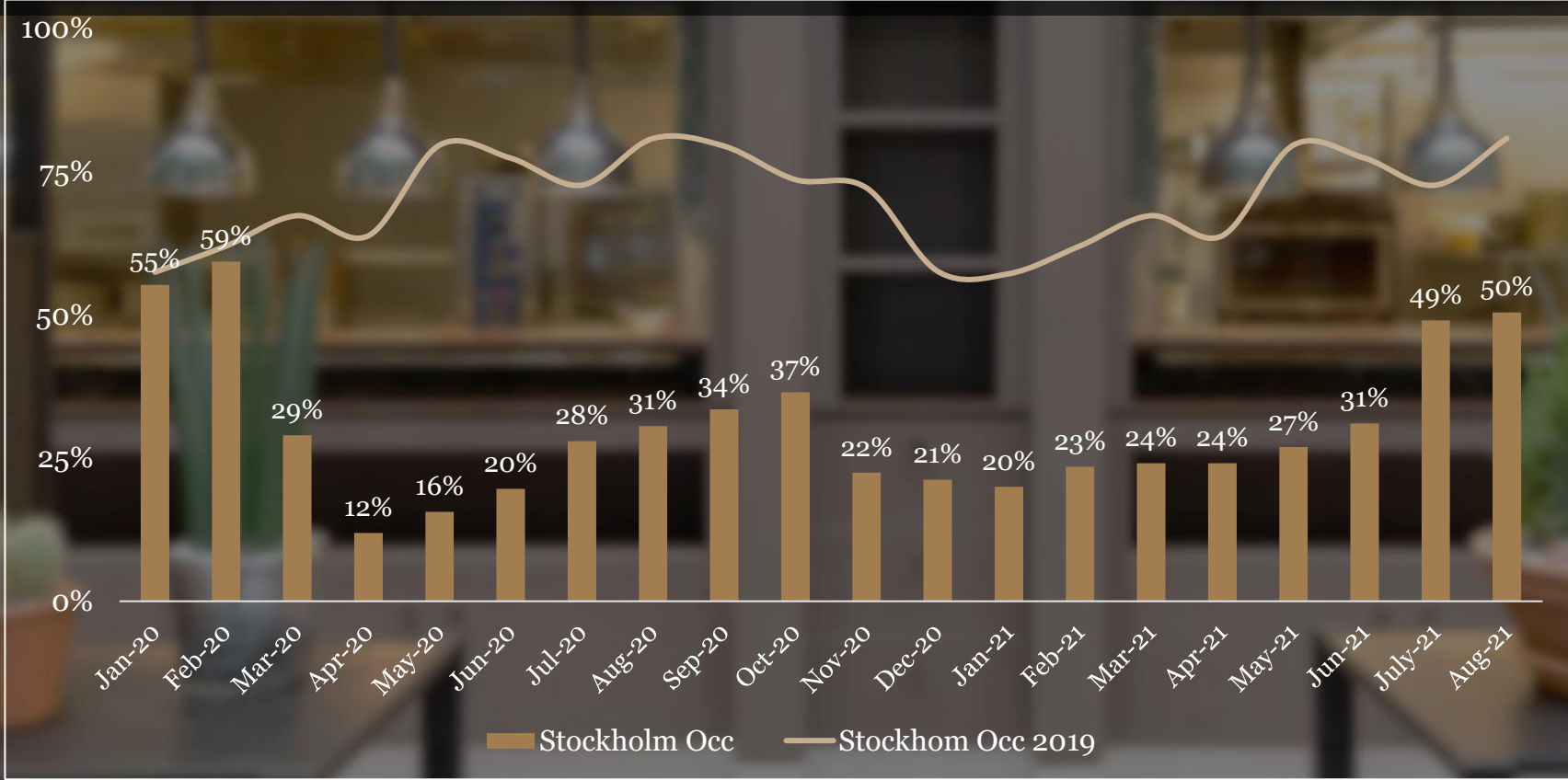
Hotel market development

Nordic regional: Monthly and weekly occupancy



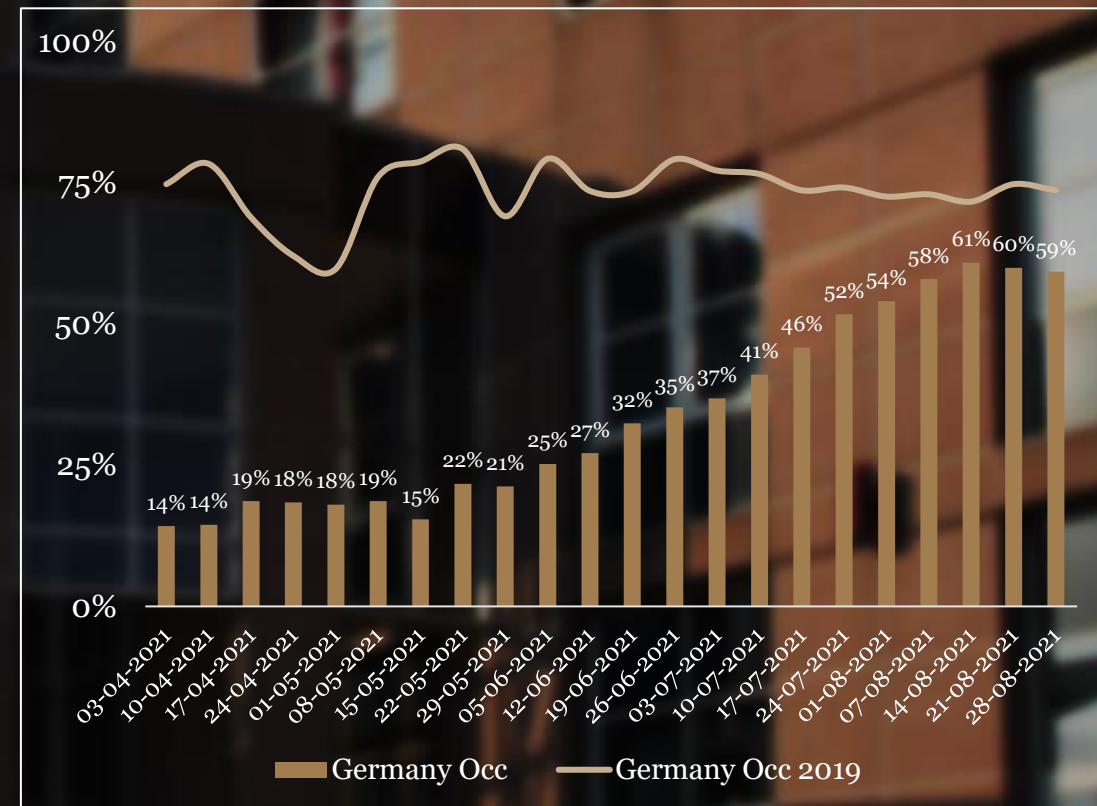
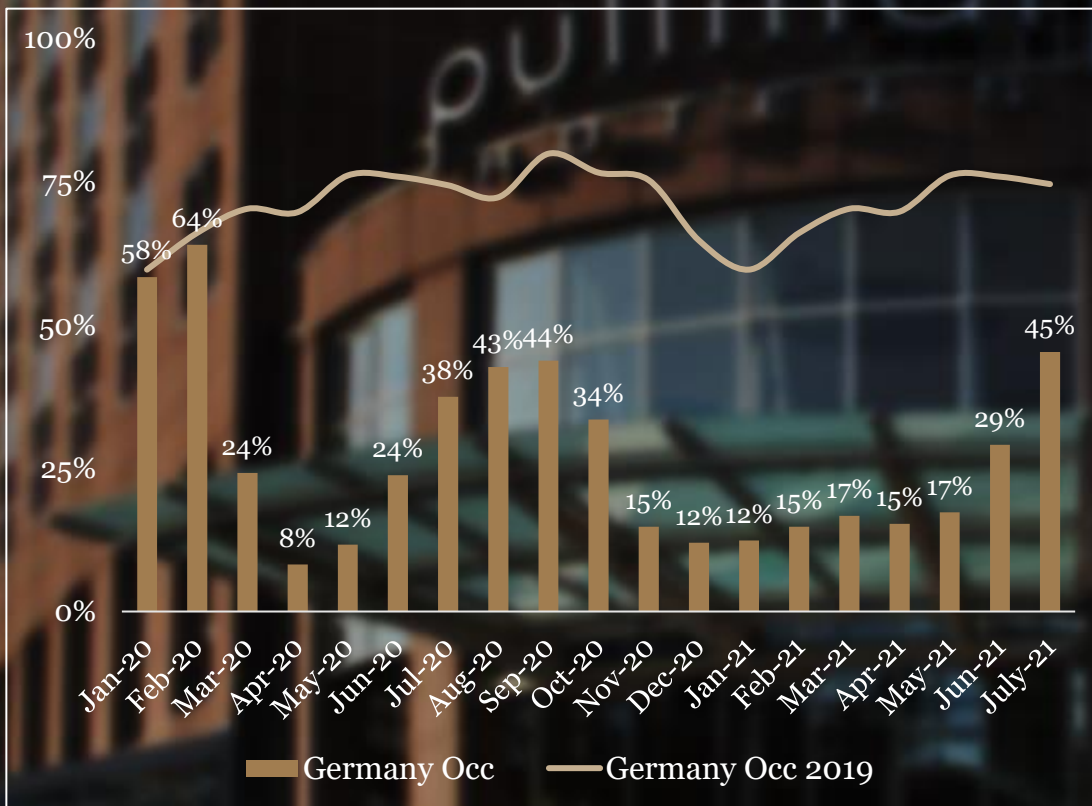
Hotel market development

Stockholm: Monthly occupancy



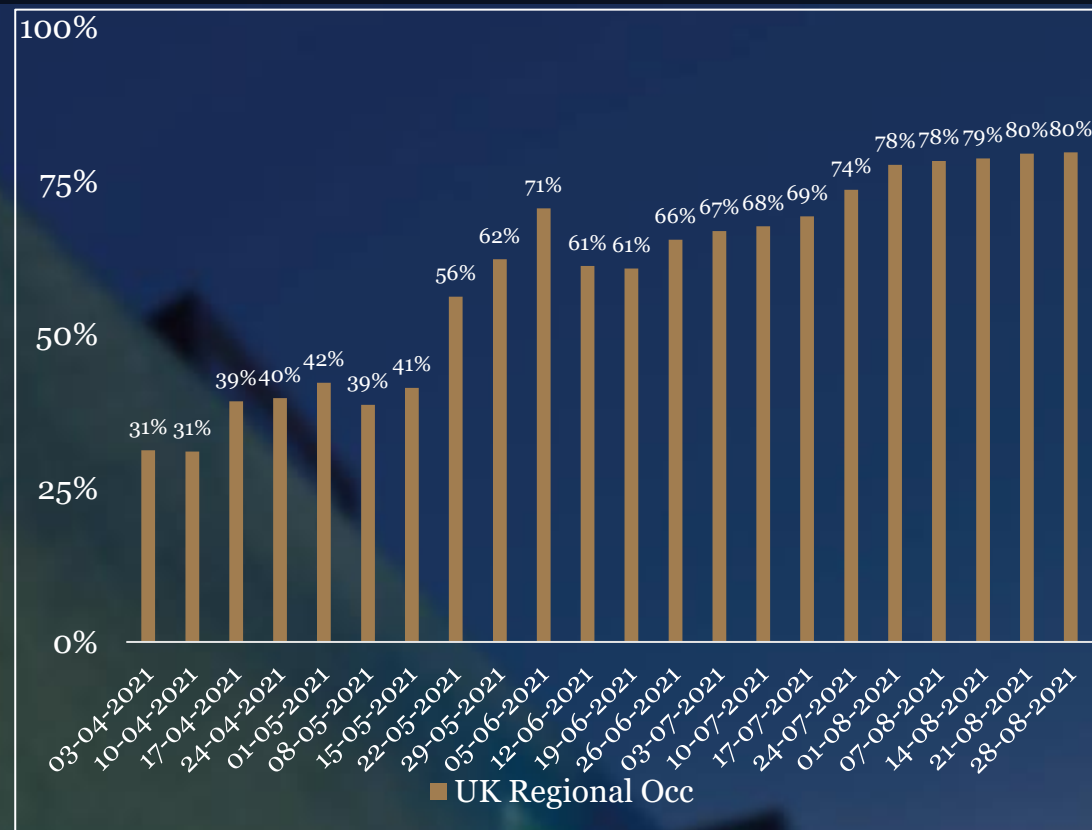
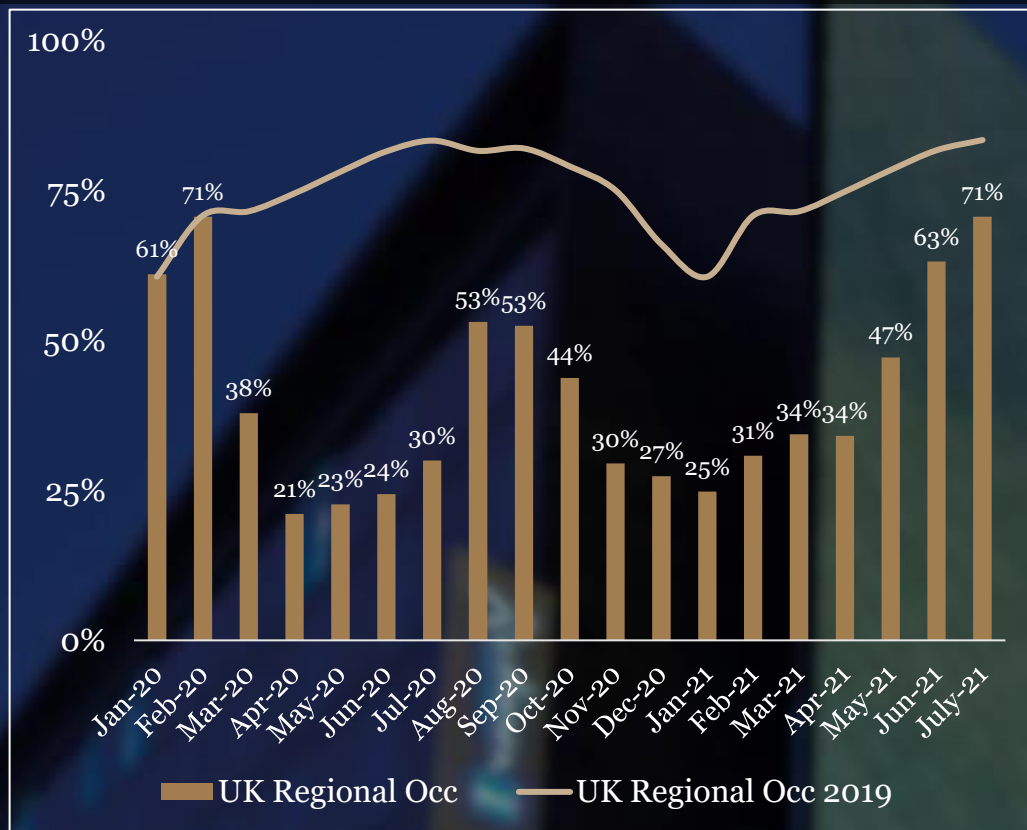
Hotel market development

Germany: Monthly and weekly occupancy



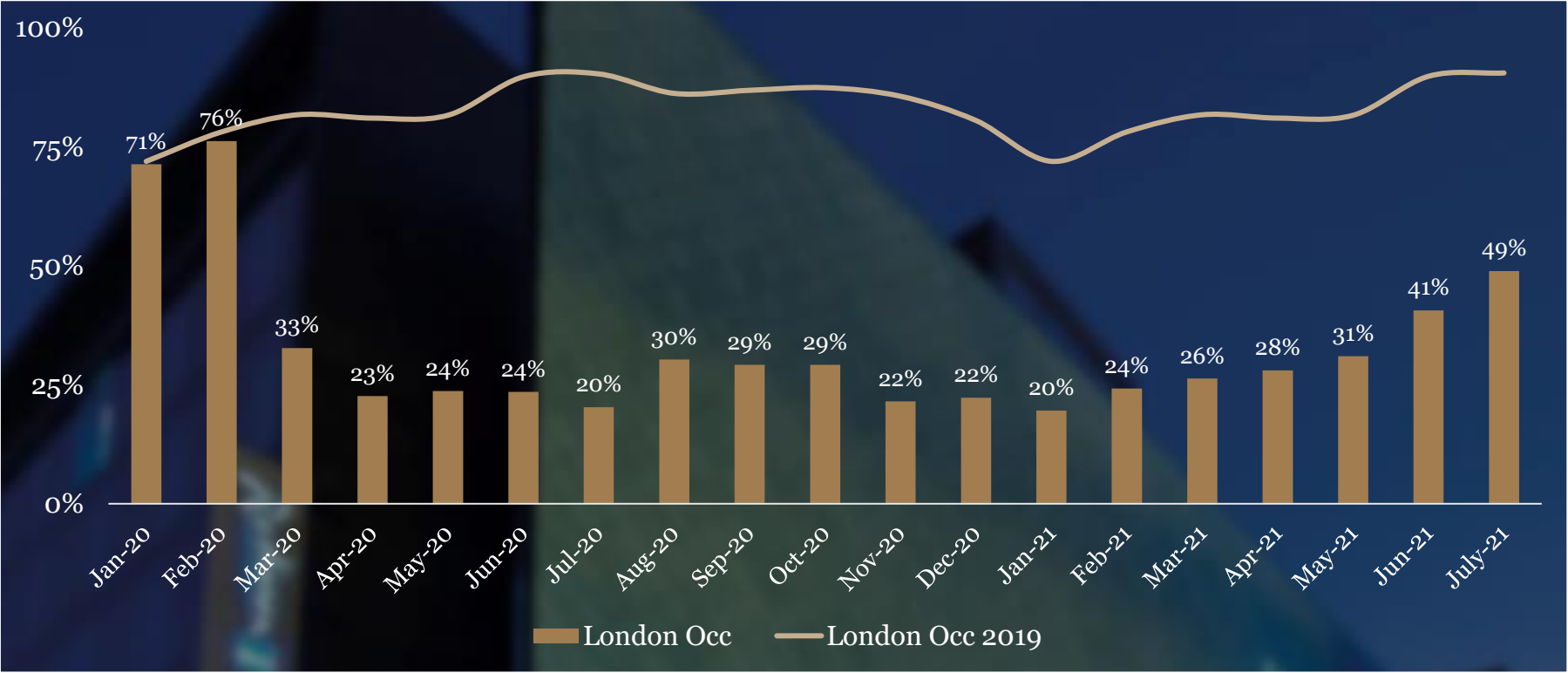
Hotel market development

UK Regional: Monthly and weekly occupancy



Hotel market development

London: Monthly occupancy



Source: STR (open hotels only)

Hotel markets ahead of Europe

Same pattern everywhere

- Strong correlation between restrictions and demand
- When restrictions are eased recovery follows
- Domestic leisure main driver
- Domestic business demand follows

Companies are preparing to start travelling again

- Own analysis of corporate clients in Operator Activities
- Cautious transition to white collar travel in September/October
- Infection rates, vaccination rates and restrictions are key
- Travel policies to be revised during the summer/early autumn
- Corporate travel searches and hotel requests are increasing
- Strong economic recovery and corporate profitability is high
- Fewer trips but more hotel nights possible

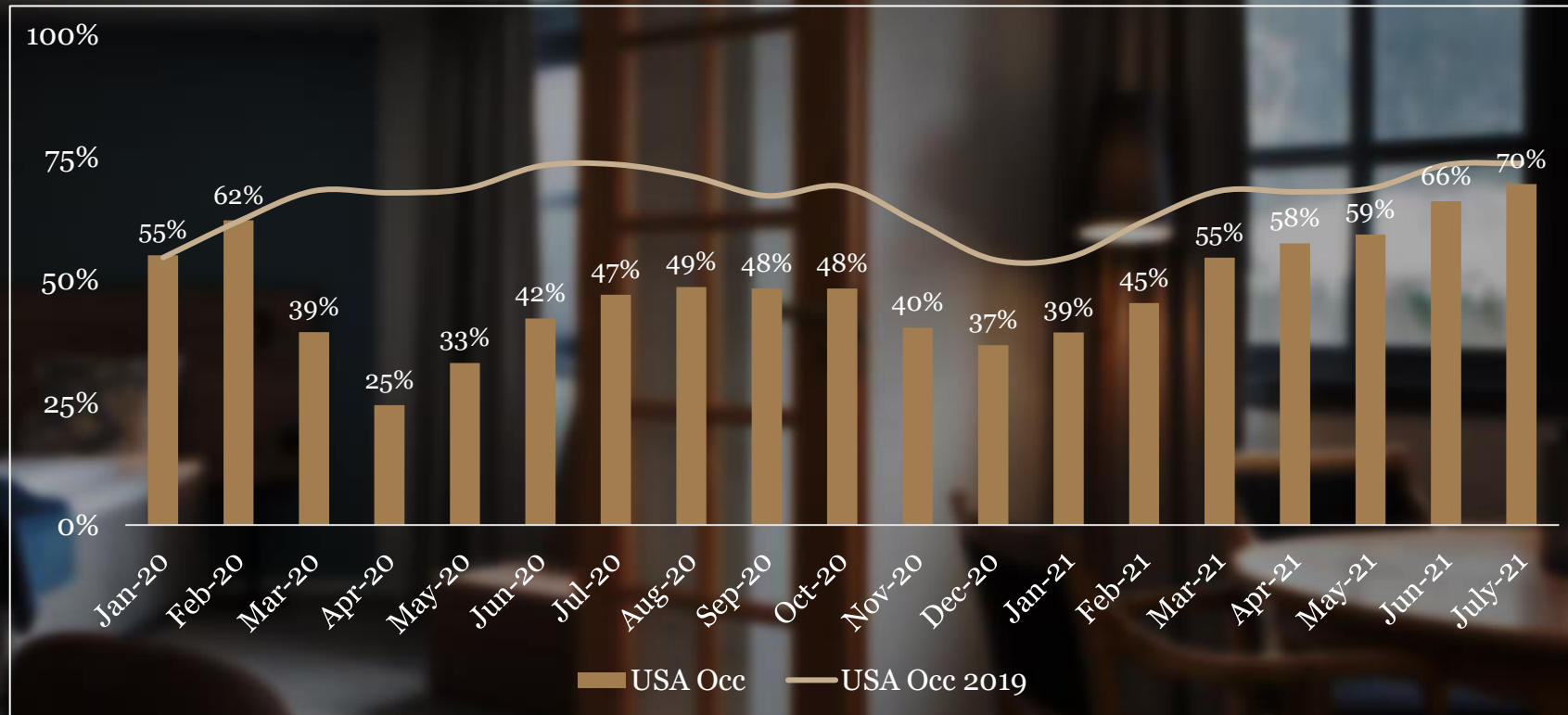
Hotel markets ahead of Europe

Strong signals from USA

- Leisure demand is strong and business travel is increasing
- Total market occupancy of approximately 70 percent (July)
- Bigger meetings and events some 50 percent below 2019 levels
- Larger corporates are still having travel restrictions in place
- Low international travel

Hotel markets outside Europe

USA: Monthly occupancy



Promising underlying growth conditions

- Solid economic recovery and increasing vaccination rates
- Pent-up demand and immediate recovery when restrictions are eased
- Domestic leisure demand is the strongest driver short term
- Domestic business demand should start to improve in September (onwards)
- The main uncertainty is the Delta variant and reimposed restrictions



Q&A

Appendix

Based on 2019 actual revenue and RevPAR

Property Management

Rental income, MSEK

3,129

Occupancy, %

71

Approximate occupancy level for variable rent in leases with minimum guaranteed rent

Country	Approx. occupancy	Hotels	Rooms
Switzerland	40-45%	1	206
Sweden	40-45%	28	5,823
Finland	45-50%	8	2,108
Norway	50-55%	6	1,112
Belgium	52-57%	2	519
Denmark	60-65%	2	414
Germany	60-65%*	33	6,876
UK	60-65%**	18	4,277
Ireland	70-75%	3	445
Netherlands	75-80%	1	189
Austria	80-85%	2	639
Total		104	22,608

*Adjusted for 9 fixed leases with 1,977 rooms

**Adjusted for 1 fixed lease with 312 rooms

Based on 2019 actual revenue and RevPAR

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Fully variable leases

Country	Hotels	Rooms
Switzerland	-	-
Sweden	14	2,965
Finland	5	814
Norway	8	1,461
Belgium	-	-
Denmark	4	1,028
Germany	-	-
UK	1	398
Ireland	-	-
Netherlands	-	-
Austria	-	-
Total	32	6,666

Total

Hotels	Rooms
1	206
42	8,788
13	2,922
14	2,573
2	519
6	1,442
33	6,876
19	4,675
3	445
1	189
2	639
136	29,274

Based on 2019 actual revenue and RevPAR

Operator Activities

Revenue, MSEK



Occupancy, %



Belgium	Germany	Canada	UK	Denmark	Netherlands	Finland	Total hotels and rooms
7	5	2	2	2	1	1	20
1,955	1,490	952	611	403	216	160	5,787

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Scandic Copenhagen