

SEB Real Estate Seminar

A quarter of strong recovery

Liia Nõu, CEO and acting CFO

11 November 2021



Change of guards



➤ Liia Nõu CEO as of 23 August 2021



➤ Anneli Lindblom CFO as of 1 December 2021

Strategic position

A well-diversified portfolio

Pandox Group

156
Hotel properties

35,226
Rooms

SEK **61.3** bn
Property market value

Property Management

135 | 136¹⁾
Leased properties

29,123 | 29,323
Rooms

83% | 83%
Property market value

Operator Activities

21 | 20
Operated properties

6,103 | 5,903
Rooms

17% | 17%
Property market value

¹⁾ Proforma with h27 reclassified to Property Management per 1 October 2021

Strategic position

Pan-European position

2 hotels

952 rooms

3% of total number of rooms



78 hotels

16,407 rooms

47% of total number of rooms



24 hotels

5,731 rooms

16% of total number of rooms



52 hotels

12,090 rooms

34% of total number of rooms



Strategic position

A strong network of partners and brands



Pandox cooperates with more than 30 business partners and brands

Q3 2021 in brief

On steadier ground

-2%

Return on equity ²⁾

R12M

+17%

Growth in total
net operating income ¹⁾

Jul-Sep 2021

+11%

LFL growth in NOI
Property Management ³⁾

Jul-Sep 2021

MSEK 4,202

Liquid funds and unutilised
credit facilities

Per 30 September 2021

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.

³⁾ For comparable units adjusted for currency effects.

Current revenue

Balanced revenue model

- Minimum rent and fixed rent from Property Management main source of revenue
 - More than MSEK 1,900 per year
 - More than MSEK 475 per quarter
 - Revenue-based rent of MSEK 147 in Q3 2021
- Limited variable revenue expected in leases with minimum guaranteed rent in 2021
- Revenues from Operator Activities of MSEK 287 in Q3 2021

Full and immediate impact from market recovery

35% of rooms

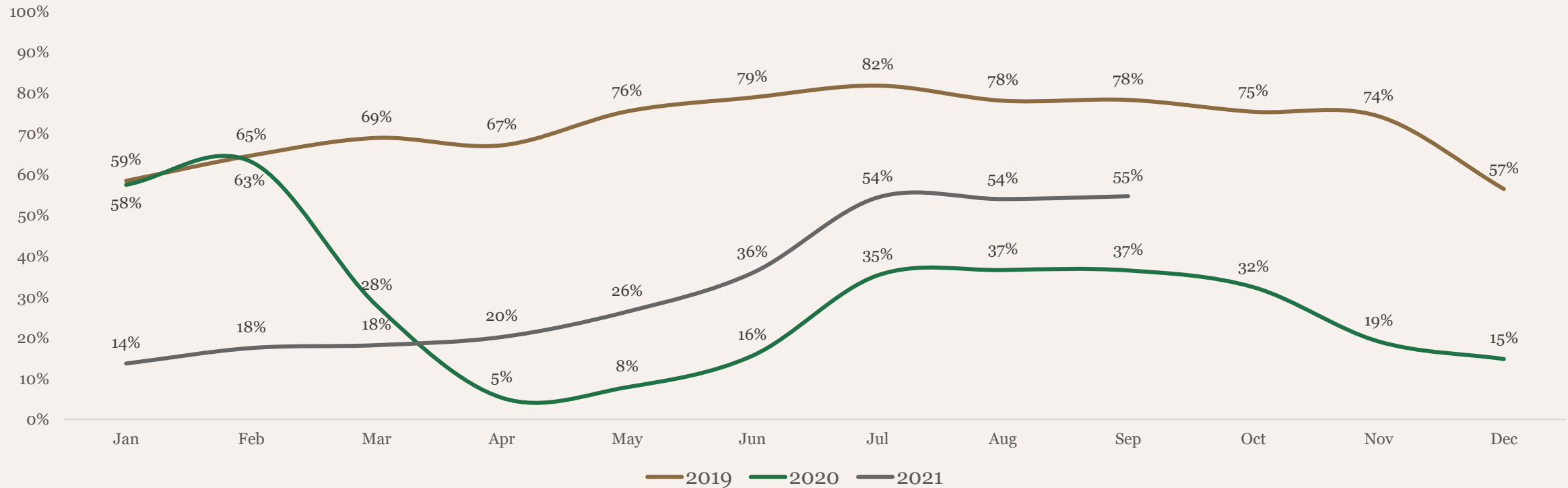
Gradual impact from market recovery

65% of rooms

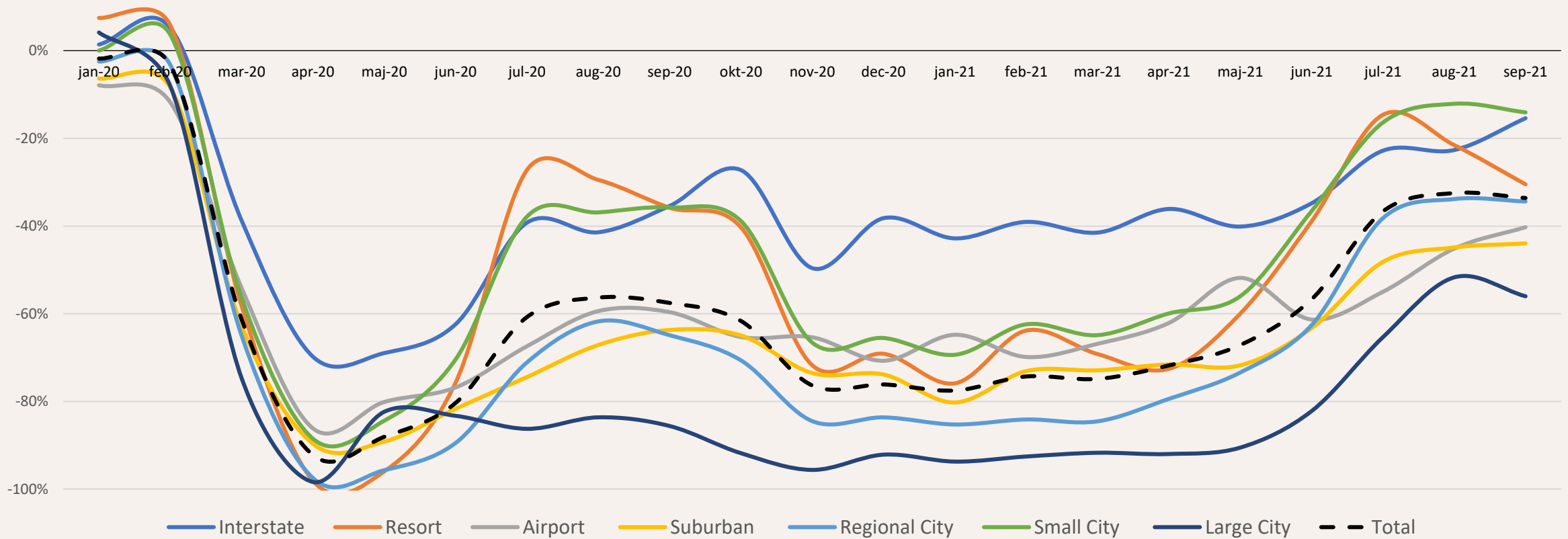
Downside protection

Improving occupancy

Property Management occupancy 2019—2021



Occupancy by segment indexed vs. 2019



RevPAR index Q3 2021 vs. Q3 2019*



nhow Brussels Bloom



- Property Management
- City center
- 305 rooms
- Revenue-based lease with NH Hotel Group
- Complete renovation
- Change to dynamic lifestyle brand nhow

Investments

DoubleTree by Hilton Brussels City

- Operator Activities
- City center
- 354 rooms and substantial meeting facilities
- Own operations with franchise agreement
- Full renovation and rebranding...
- ...to DoubleTree by Hilton



Operations taken over and renovation started

Hotel property in Nuremberg

- Operator Activities
- City center
- 316 rooms and extensive meeting facilities
- Lease expired 31 August 2021, operations were taken over and the hotel property was reclassified to Operator Activities
- A major renovation and repositioning project has started – to be finished H2 2022 (hotel closed)



New lease agreement

h27 leased to Motel One



- Property Management
- City center
- 200 rooms
- Operations taken over 1 April 2020, after which a full renovation and repositioning of the hotel was undertaken
- New attractive revenue-based lease with minimum guaranteed rent signed with Motel One 1 September 2021
- Reclassified to Property Management 1 October 2021

Property portfolio

Valuations based on established model

Change in value Investment Properties	MSEK
Investment Properties, opening balance (1 Jan, 2021)	50 181
+ Acquisitions	—
+ Investments in current portfolio	448
- Divestments ¹⁾	-6
+/- Reclassifications ²⁾	-569
+/- Revaluation of fixed assets to total comprehensive income for the period	—
+/- Unrealised changes in value	-465
+/- Realised changes in value	—
+/- Change in currency exchange rates	1 038
Investment Properties, closing balance (30 Sep, 2021)	50 627
Change in value Operating Properties (for information purposes only)	
Operating Properties, market value (1 Jan, 2021)	9 361
+ Acquisitions	—
+ Investments in current portfolio	323
- Divestments ³⁾	-6
+/- Reclassifications ²⁾	569
+/- Unrealised changes in value ¹⁾	60
+/- Realised changes in value	—
+/- Change in currency exchange rates	321
Operating Properties, market value (30 Sep, 2021)	10 628

¹⁾ Impairment development costs

²⁾ Maritim Hotel Nürnberg has been reclassified from Property Management to Operator Activities

³⁾ Decommissioning FF&E

- Valuations made according to same method and established cash-flow model used since the IPO 2015
- Transaction evidence for yields remains inconclusive
- Approximately 83 percent of the properties externally valued during the past 12 months – on average some 5 percentage points below Pandox's internal valuations. Large dispersion both within and between markets/regions
- 25 external valuations carried out in the third quarter 2021 are on average some 3 percent above Pandox's internal valuations
- Reclassification of Hotel Maritim Nuremberg to Operator Activities per 31 August (closed for renovation)
- Reclassification of Hotel h27 to Property Management per 1 October
- Total property value of MSEK 61,255 (59,542) end-of-period
- Average valuation yield for Investment Properties was 5.45 (5.44) percent and for Operating Properties 6.40 (6.37) percent end-of-period

Pandox's approach

Value change, MSEK	20Q1	20Q2	20Q3	20Q4	21Q1	21Q2	21Q3
Property Management	-611	-320	-315	-533	-351	-105	-9
Operator Activities	-347	-282	-284	-101	7	-4	57
Total	-958	-1,560	-2,159	-2,793	-3,137	-3,246	-3,198
Accumulated change, %	20Q1	20Q2	20Q3	20Q4	21Q1	21Q2	21Q3
Property Management	-1.1%	-1.7%	-2.3%	-3.3%	-4.0%	-4.2%	-4.2%
Operator Activities	-3.6%	-6.4%	-9.3%	-10.4%	-10.3%	-10.3%	-9.8%
Total	-1.5%	-2.5%	-3.4%	-4.4%	-4.9%	-5.1%	-5.0%

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

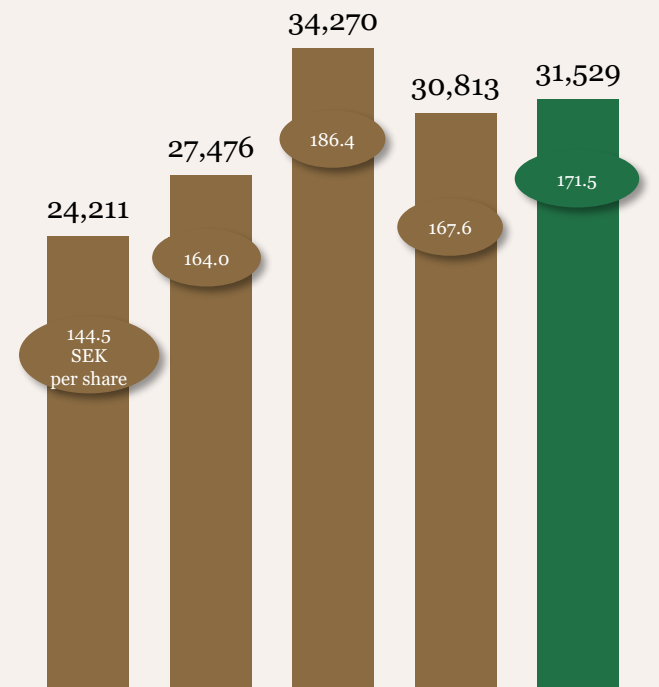
Full risk

Shared risk

- High correlation between restrictions and demand
- Proof of strong recovery in hotel markets when restrictions are eased
- Banks are supportive and liquidity is strong
- Individual business plans for each hotel property
- Superior knowledge of the value drivers for each asset

Financing and capital structure

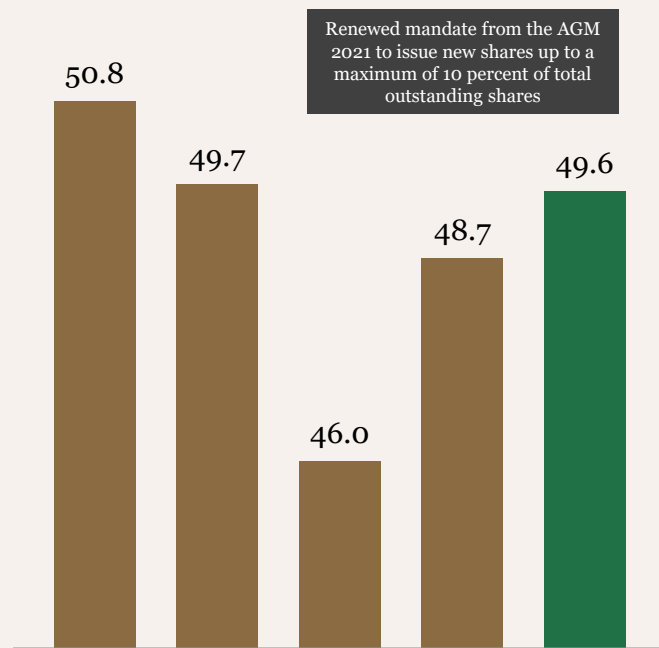
EPRA NRV (MSEK)



■ 2017 ■ 2018 ■ 2019 ■ 2020 ■ Q3 2021

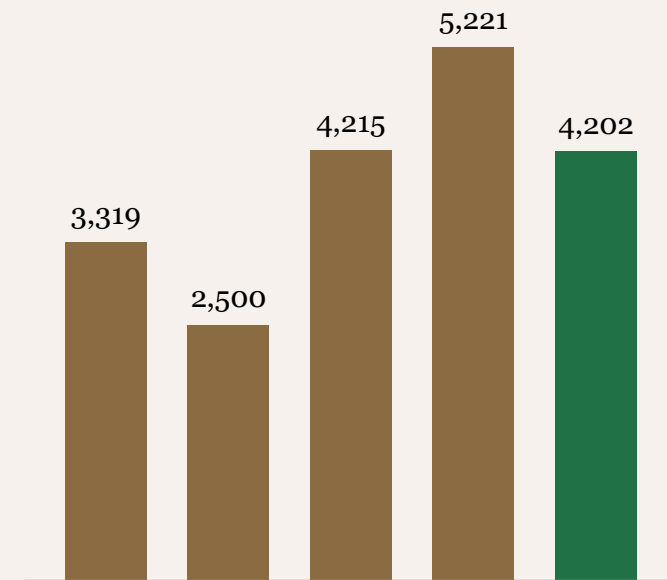
For definitions, see page 29 in Interim report January–September 2021

Loan to value (%)



■ 2017 ■ 2018 ■ 2019 ■ 2020 ■ Q3 2021

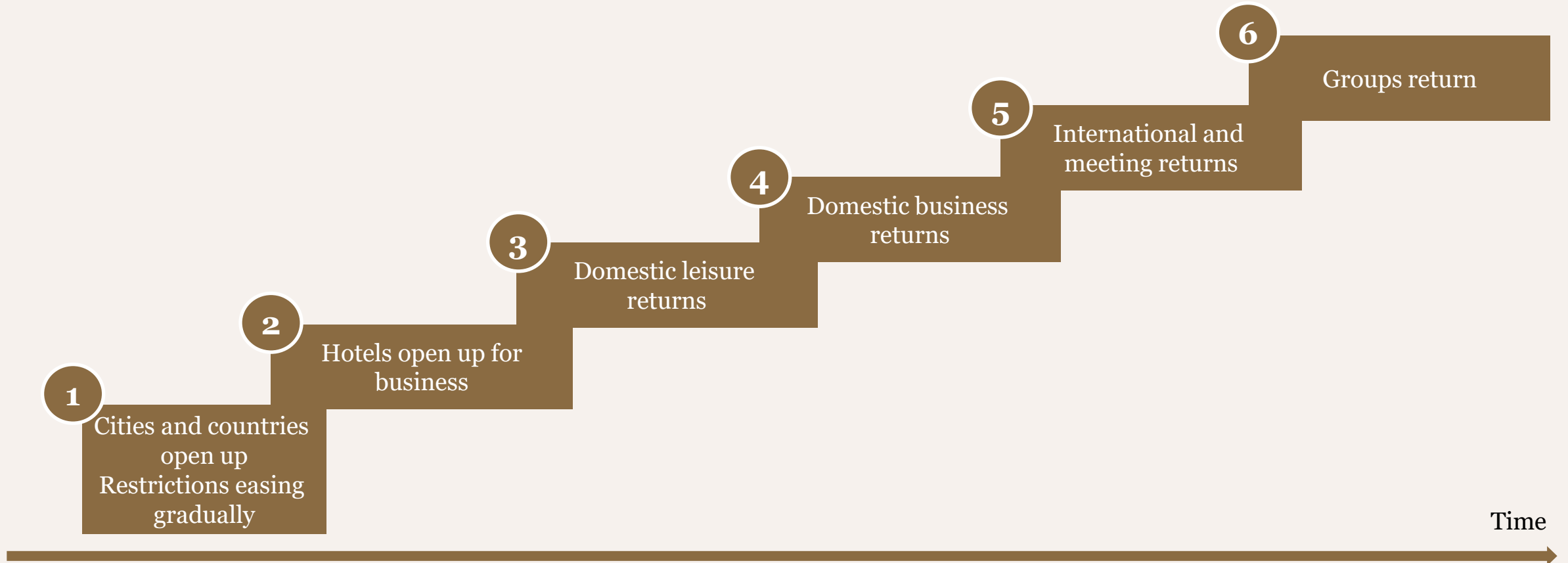
Cash and cash equivalents and long-term unutilised credit facilities (MSEK)



■ 2017 ■ 2018 ■ 2019 ■ 2020 ■ Q3 2021

Six development levels...

...to get back to full performance



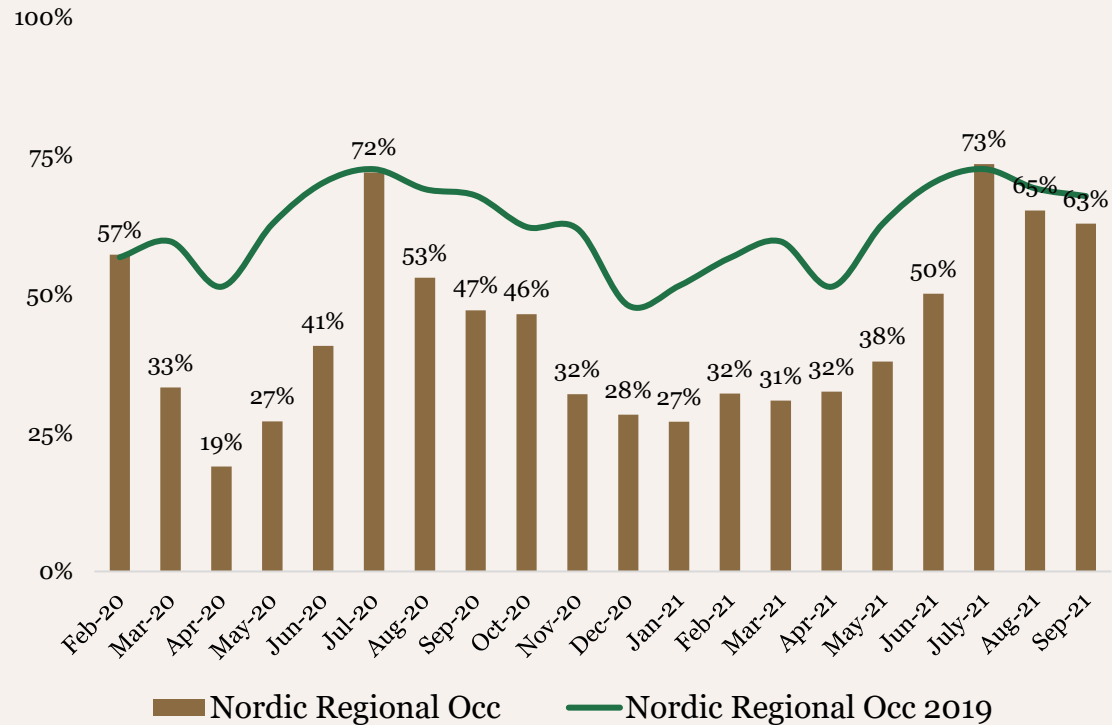
Hotel market development in Q3 2021

Substantial improvements

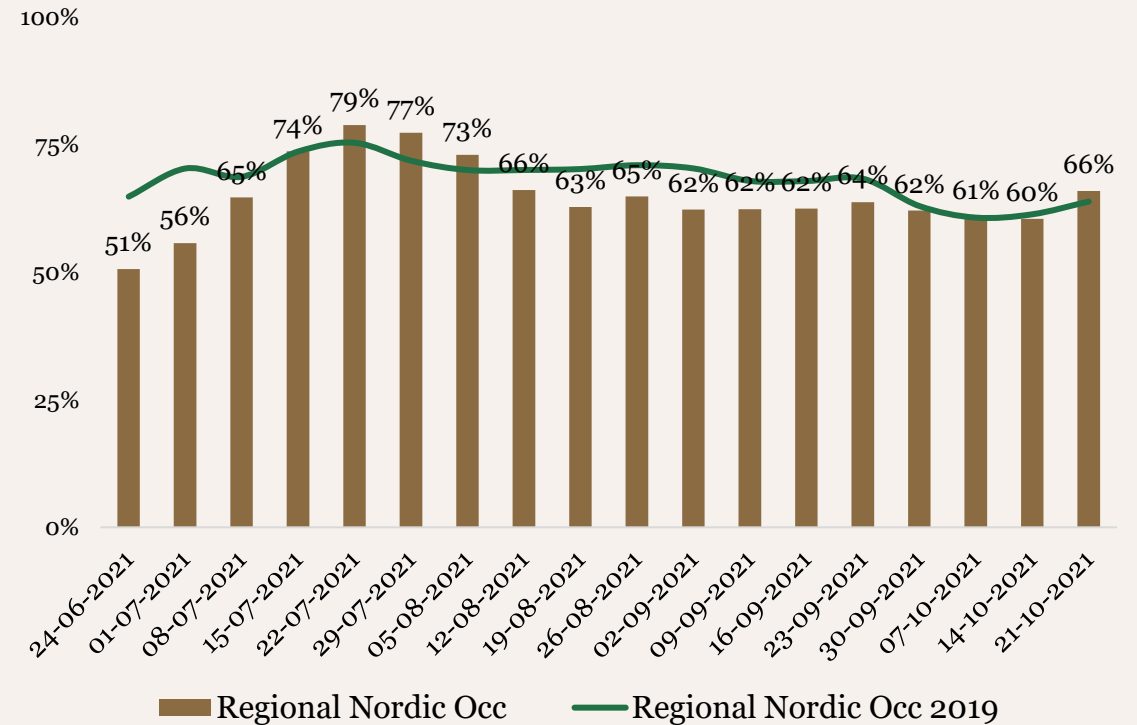
- Increased vaccination rates and removed restrictions
- Strong increase in demand with domestic leisure as the main driver
- Smaller and regional cities led the recovery and larger cities also improved
- Domestic business picked-up towards the end of the quarter
- Resilient ADR development
- International travel still impaired due to restrictions

Nordic regional

Monthly occupancy (open hotels)



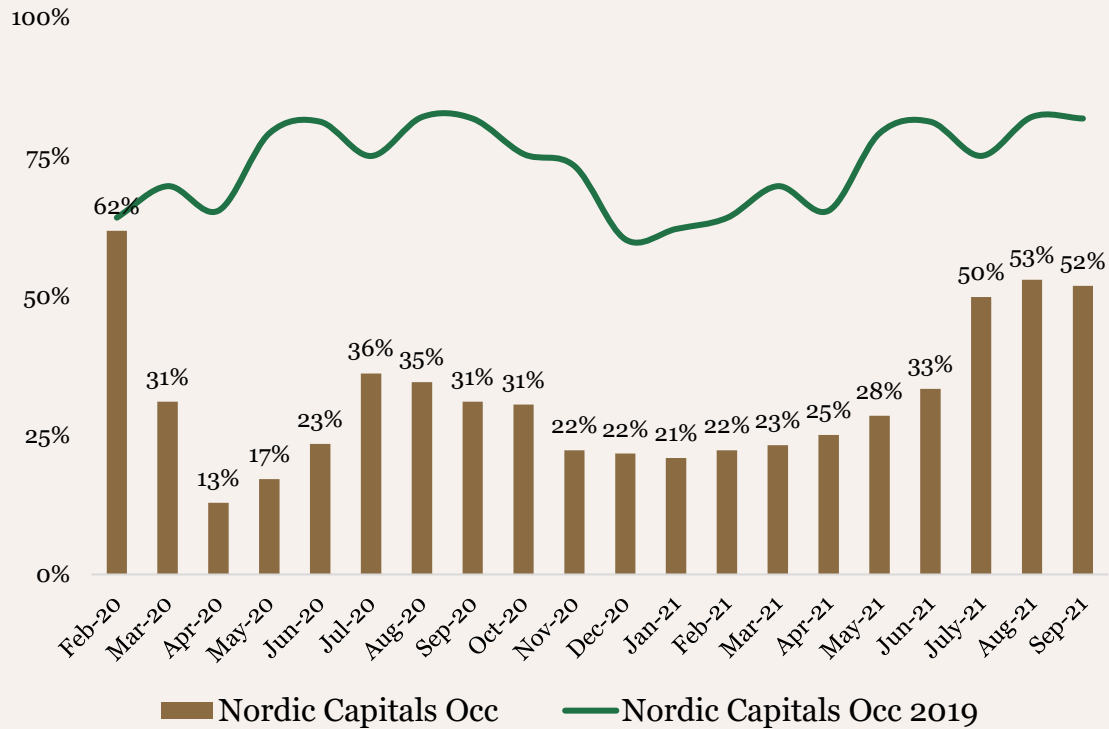
Weekly occupancy (open hotels)



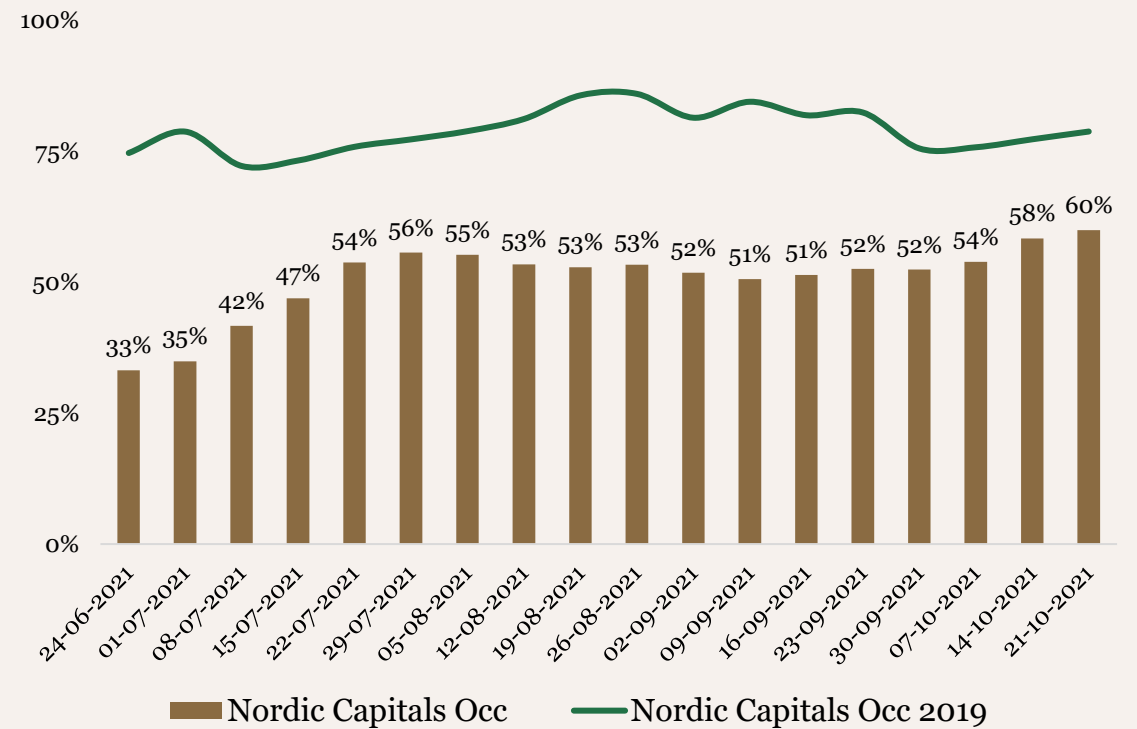
Source: Benchmarking Alliance (open hotels only)

Nordic capitals

Monthly occupancy (open hotels)



Weekly occupancy (open hotels)

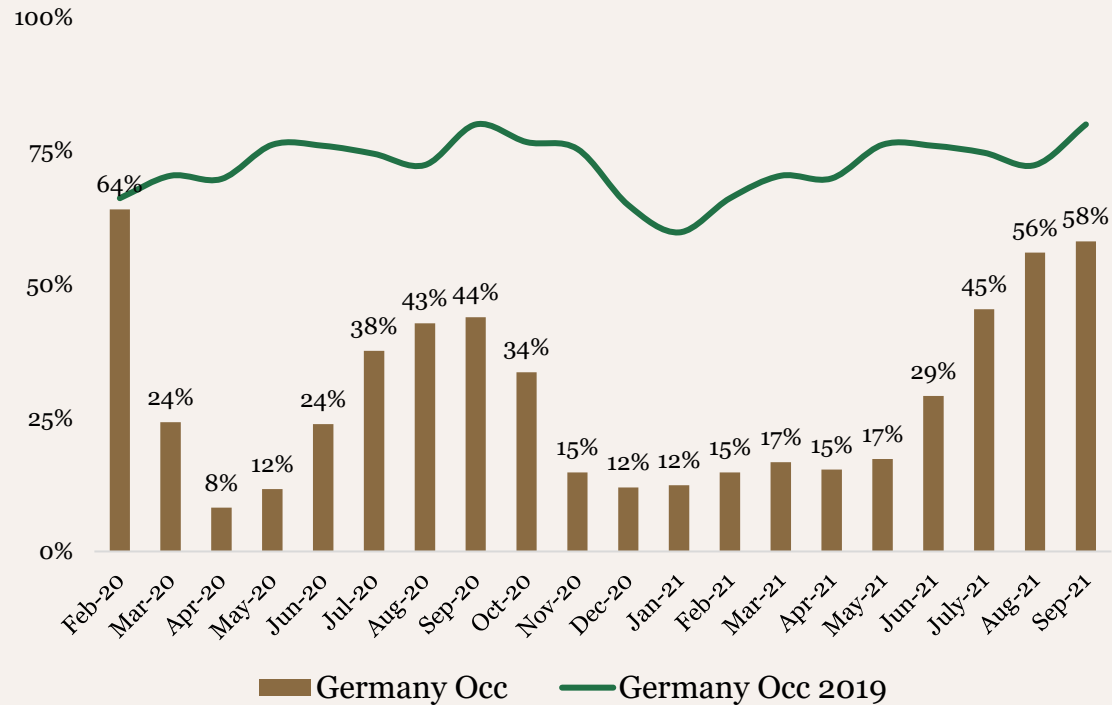


Source: Benchmarking Alliance (open hotels only)

Hotel market development

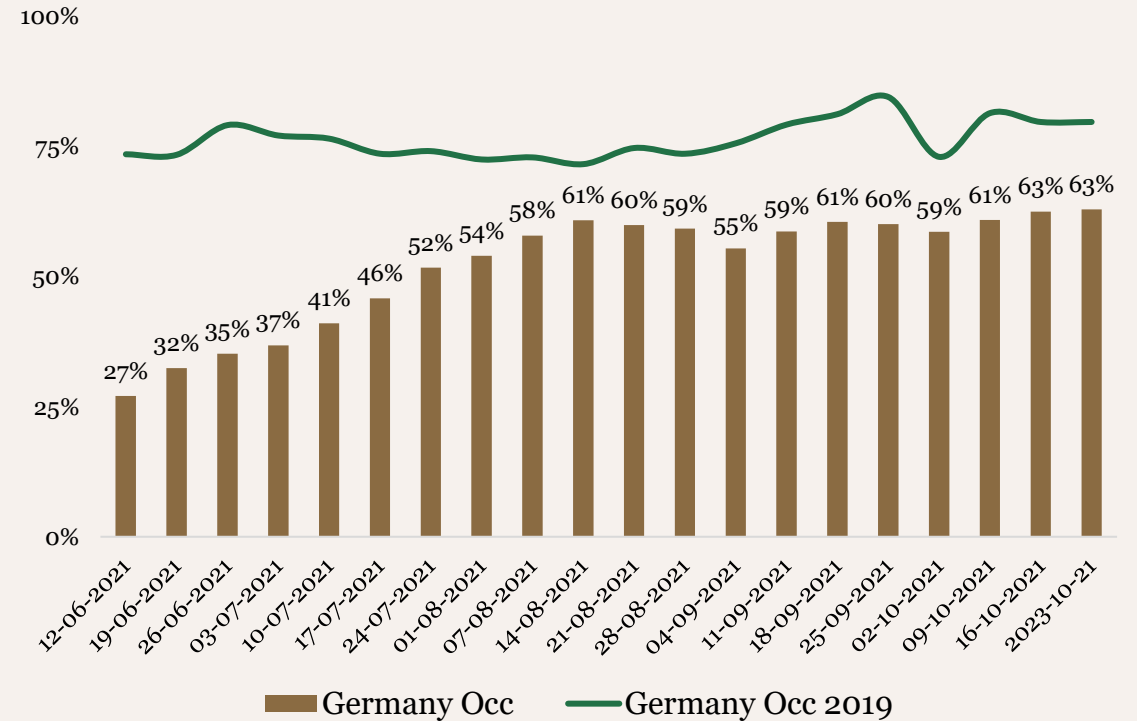
Germany

Monthly occupancy (open hotels)



Source: STR (open hotels only)

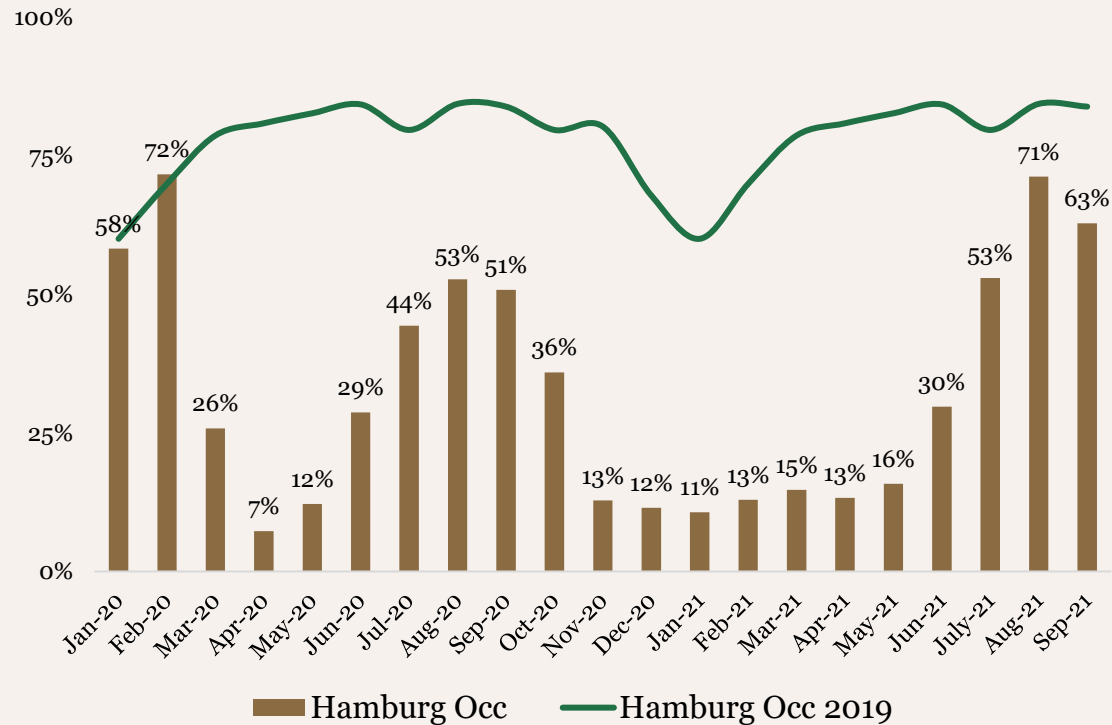
Weekly occupancy (open hotels)



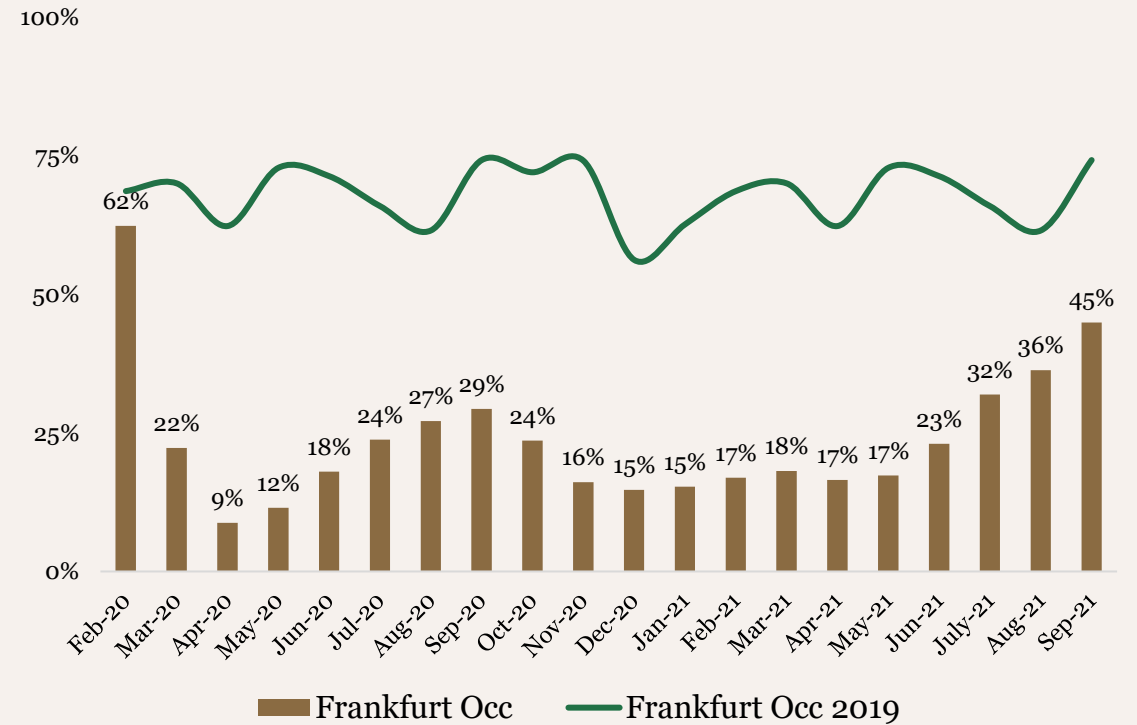
Source: Fairmas (open hotels only)

Germany regional vs. international

Hamburg monthly occ (open hotels)



Frankfurt monthly occ (open hotels)

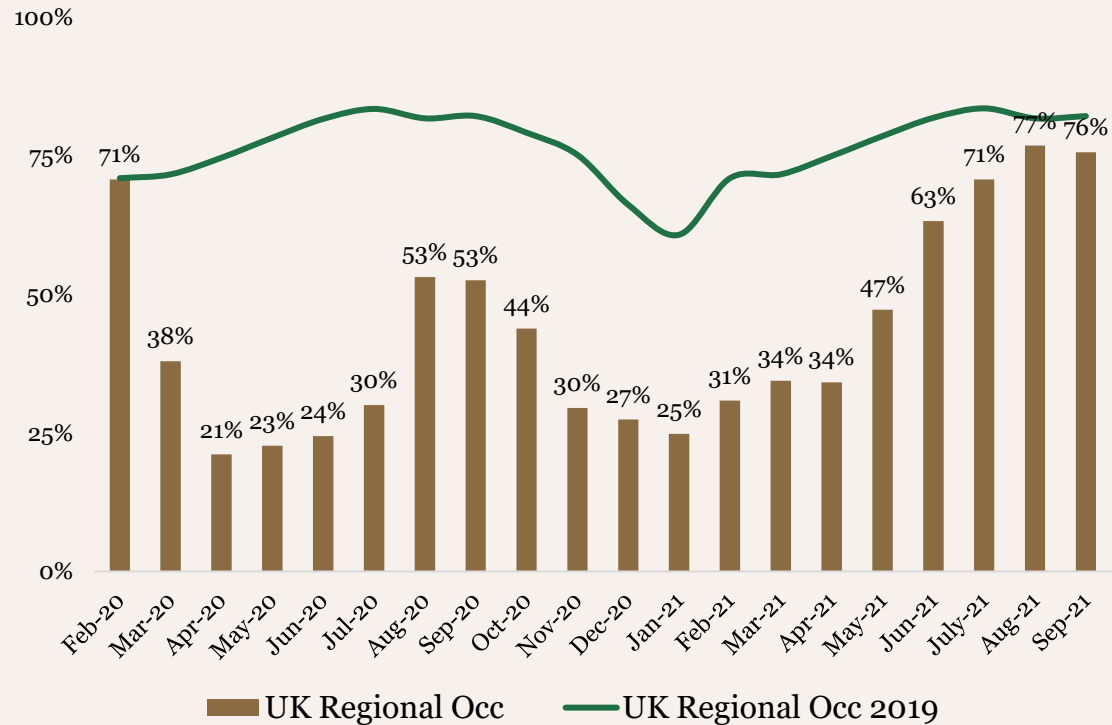


Source: STR Global (open hotels only)

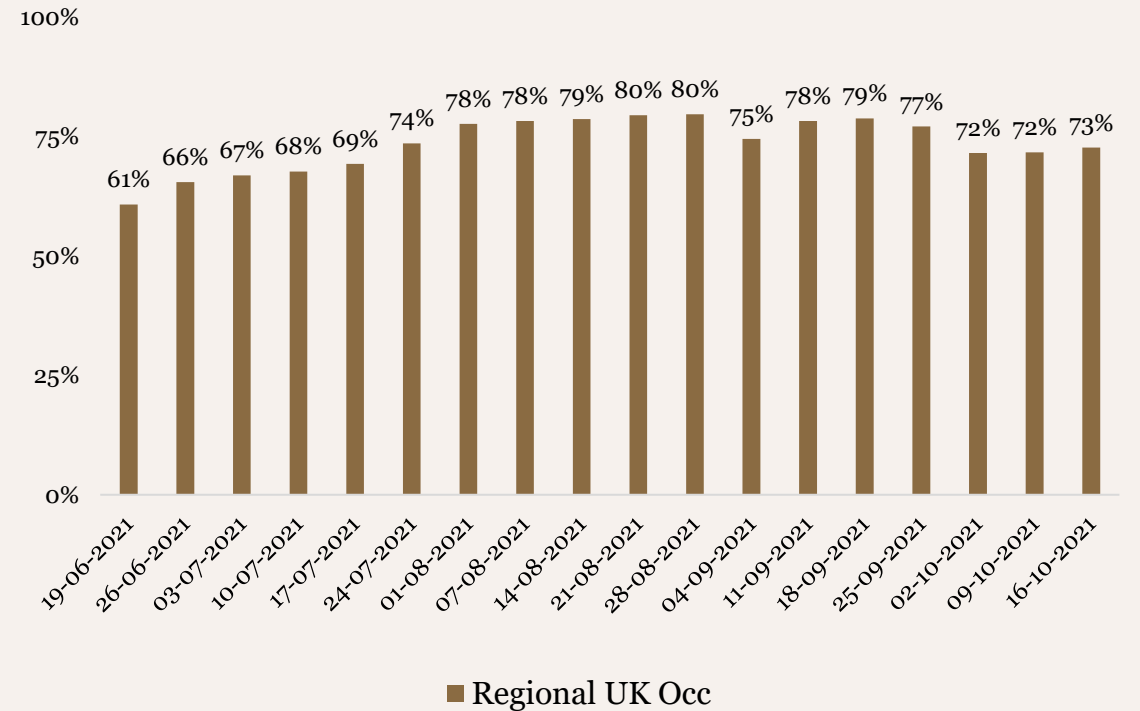
Hotel market development

UK Regional

Monthly occupancy (open hotels)



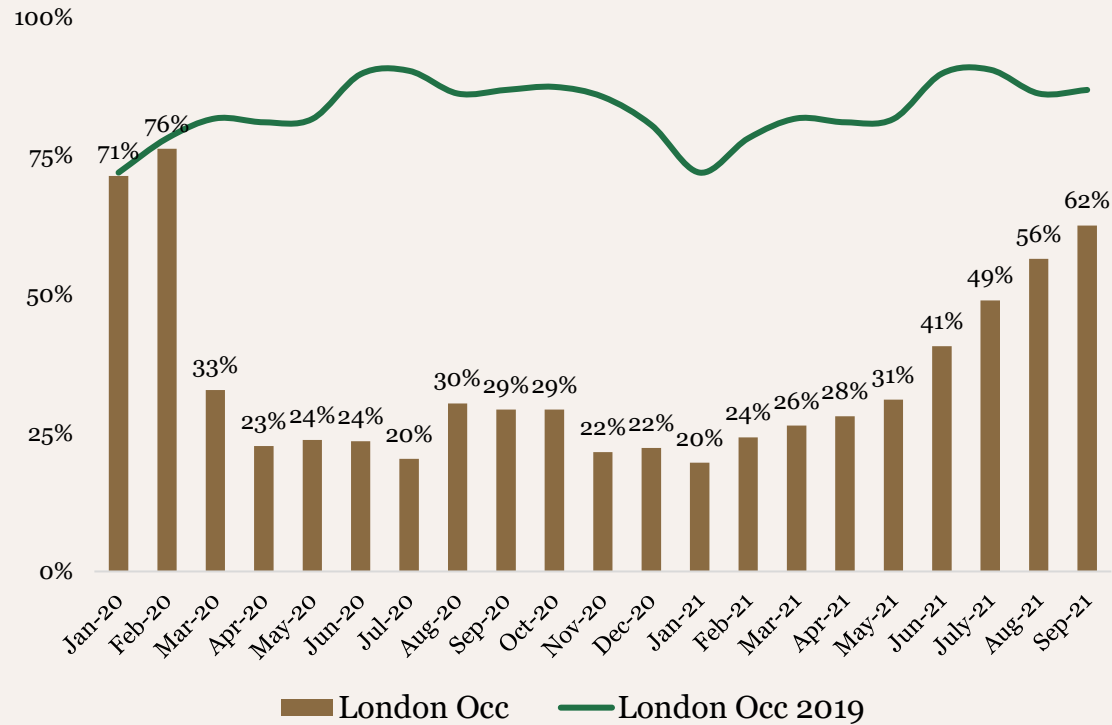
Weekly occupancy (open hotels)



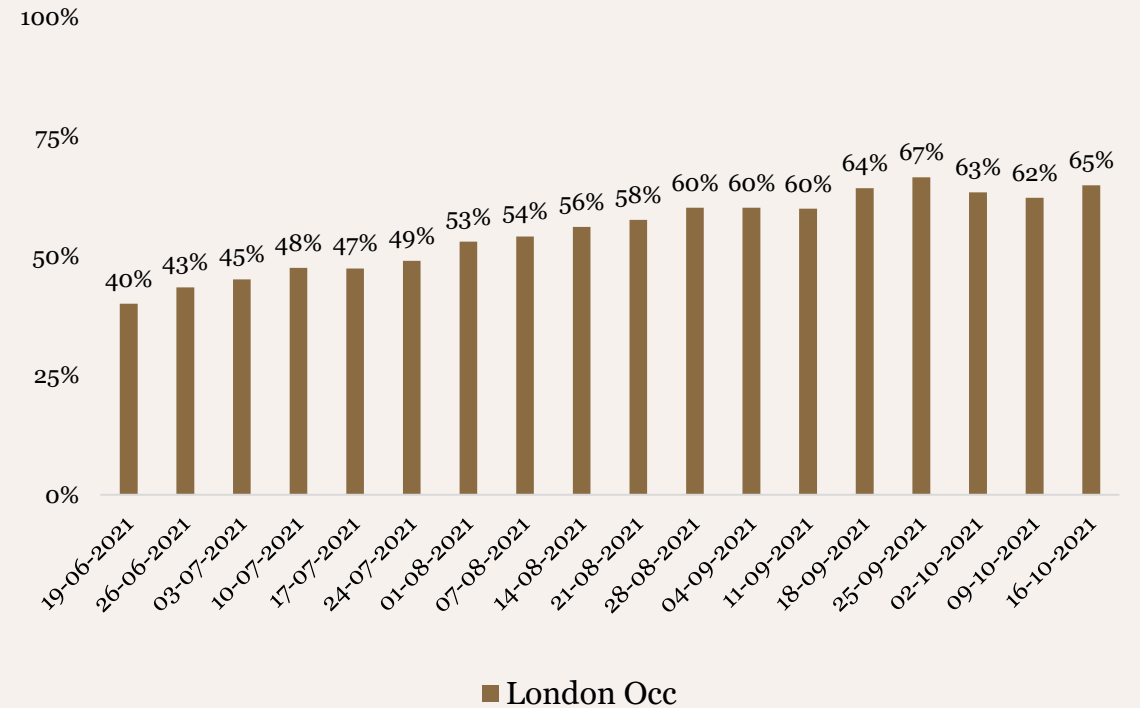
Source: STR Global (open hotels only)

London

Monthly occupancy (open hotels)



Weekly occupancy (open hotels)



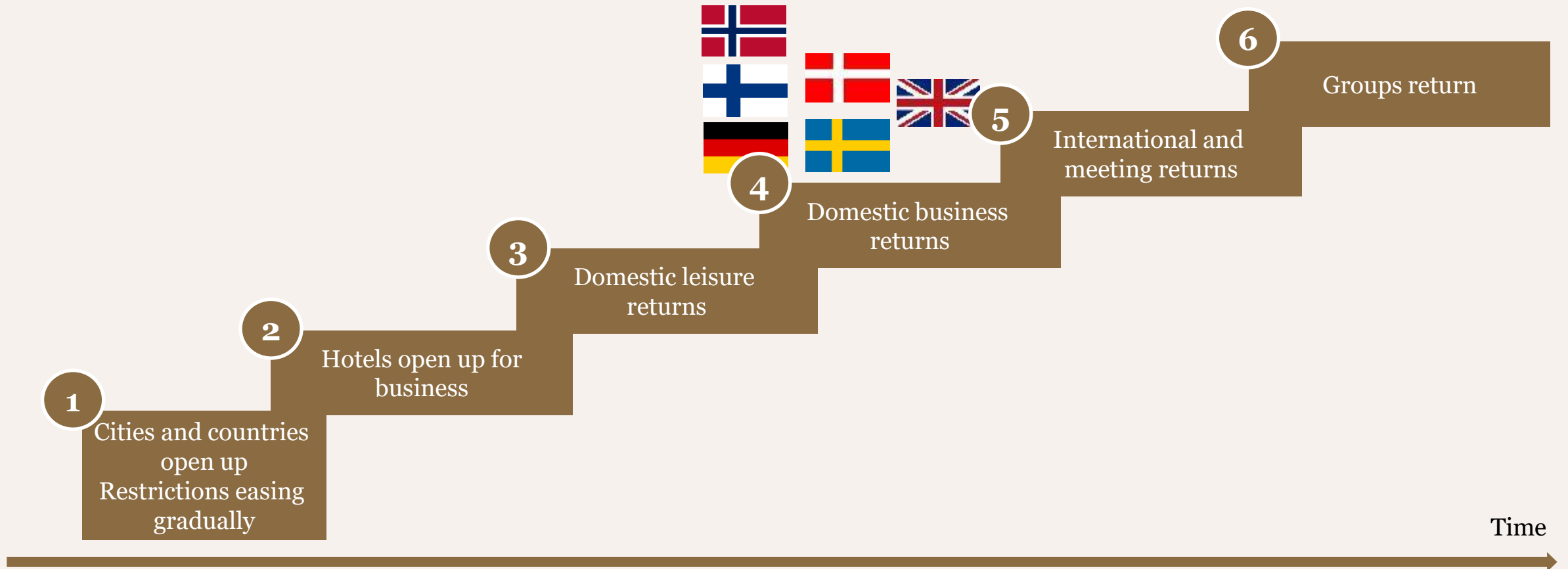
Source: STR Global (open hotels only)

Back to office will lead to more travel

- High economic activity and corporate profitability
- Offices are opening up and demand for meetings is growing
- Companies are reducing internal travel restrictions
- Pick-up in white collar travel (from low levels) during September/October
- Mostly business transient and smaller meetings
- Demand for regional meetings is increasing in Operator Activities
- Trade fair calendars are gradually being restored (with healthy demand)
- Fewer trips but with more hotel nights is possible

Six development levels...

...to get back to full performance



Improved conditions for growth

- High economic activity and pent-up demand for travel
- Domestic leisure demand expected to remain strong
- Gradual increase in business travel expected based on office and trade fair reopenings
- For 2022, variable rent is likely in a majority of lease agreements with minimum guaranteed rent, provided that the recovery continues
- The main uncertainty is governments' response to seasonal variations in infection rates and new virus variants

Pandox Hotel Market Day

THE BIG FOLLOW-UP

23 November 2021, 13.00–15.30 (CET)



LINA NÕU
CEO
Pandox



JAN WIFSTRAND
Moderator



CHRISTIAN RINGNES
Chairman of the board
Pandox



JENS MATHIESEN
CEO
Scandic



LEO JOHNSON
Partner, Disruption Lead
PwC United Kingdom



ANDREAS SCRIVEN
Head of Hospitality & Leisure
Deloitte UK



CHRISTOPHER SANDERSON
Co-founder
The Future Laboratory



KATHRYN BISHOP
Foresight Editor
The Future Laboratory



ROBIN ROSSMANN
Managing Director
STR International



IAN GOLDIN
Professor of Globalisation and
Development at the University of Oxford



GUNN LUNDEMO
DJ



PEPPER
Corporate Dog
Pandox

Q&A





Pandox AB (publ)

Box 15

SE-101 20 Stockholm

Sweden

Tel: +46 8 506 205 50

www.pandox.se

Org. Nr. 556030-7885

Forward-looking statements.

This presentation contains forward-looking statements. Such statements are subject to risks and uncertainties as various factors, many of which are beyond the control of Pandox AB (publ), may cause actual developments and results to differ materially from the expectations expressed in this presentation.