

A strong platform for value creation

Pandox Capital Markets Day
9 May, 2019



Introduction

Anders Berg



Pandox™

EXCELLENCE IN HOTEL OWNERSHIP AND OPERATIONS

➤ Introducing today's line-up



Anders Nissen
CEO



Liia Nõu
CFO



Jonas Törner
Senior Vice President
Business Intelligence



Caroline Tivéus
Director
Sustainable Business



Anders Berg
Senior Vice President
Communications and IR

➤ Agenda

- 13:00 ① **This is Pandox**
Anders Nissen
- 13:20 ②③ **Strategic and financial position**
Anders Nissen, Liia Nõu
- 13:40 ④⑤ **The Pandox platform**
Anders Nissen, Jonas Törner
- 14:00 **Break**
- 14:20 ⑥ **Growth drivers**
Jonas Törner, Anders Nissen
- 14:45 ⑦ **Conclusion**
Liia Nõu
- 14:55 ⑧ **Q&A**
Anders Nissen, Liia Nõu, Jonas Törner, Anders Berg and Caroline Tivéus

1

This is Pandox
Anders Nissen

➤ Our key value driver | Specialisation

- Specialisation creates value
- Specialisation creates information advantage
- Specialisation enables us to do special things



Montreal



Oslo



Helsinki



Stockholm



Glasgow



Copenhagen



Dublin



Berlin



London



Cologne



Vienna



Brussels



Basel

- Our business concept | A flexible specialist
- Pandox's core business is to own hotel properties and lease them to strong hotel operators
- If these conditions are not in place, Pandox can choose to operate the hotel itself

➤ Multiple options | Four operational models

- 1 Lease agreement
- 2 Management agreement
- 3 Owned and operated with franchised brand
- 4 Owned and operated with independent brand

➤ Clear investment case | Good growth opportunities

Good growth opportunities

Strong growth in the tourism and travel market

Low market share in the hotel property market

➤ Clear investment case | Strong market position

Good growth opportunities

Strong growth in the tourism and travel market

Low market share in the hotel property market

Strong market position

Pan-European position

Attractive partner in the hotel market

➤ Clear investment case | Balanced risk

Good growth opportunities

Strong growth in the tourism and travel market

Low market share in the hotel property market

Strong market position

Pan-European position

Attractive partner in the hotel market

Balanced risk

Ability to act throughout the value chain

Diversified portfolio provides resilience

➤ Our unique features | Positively different

1 Only hotel properties

2 One tenant per property

3 No vacant properties

4 Pan-European position

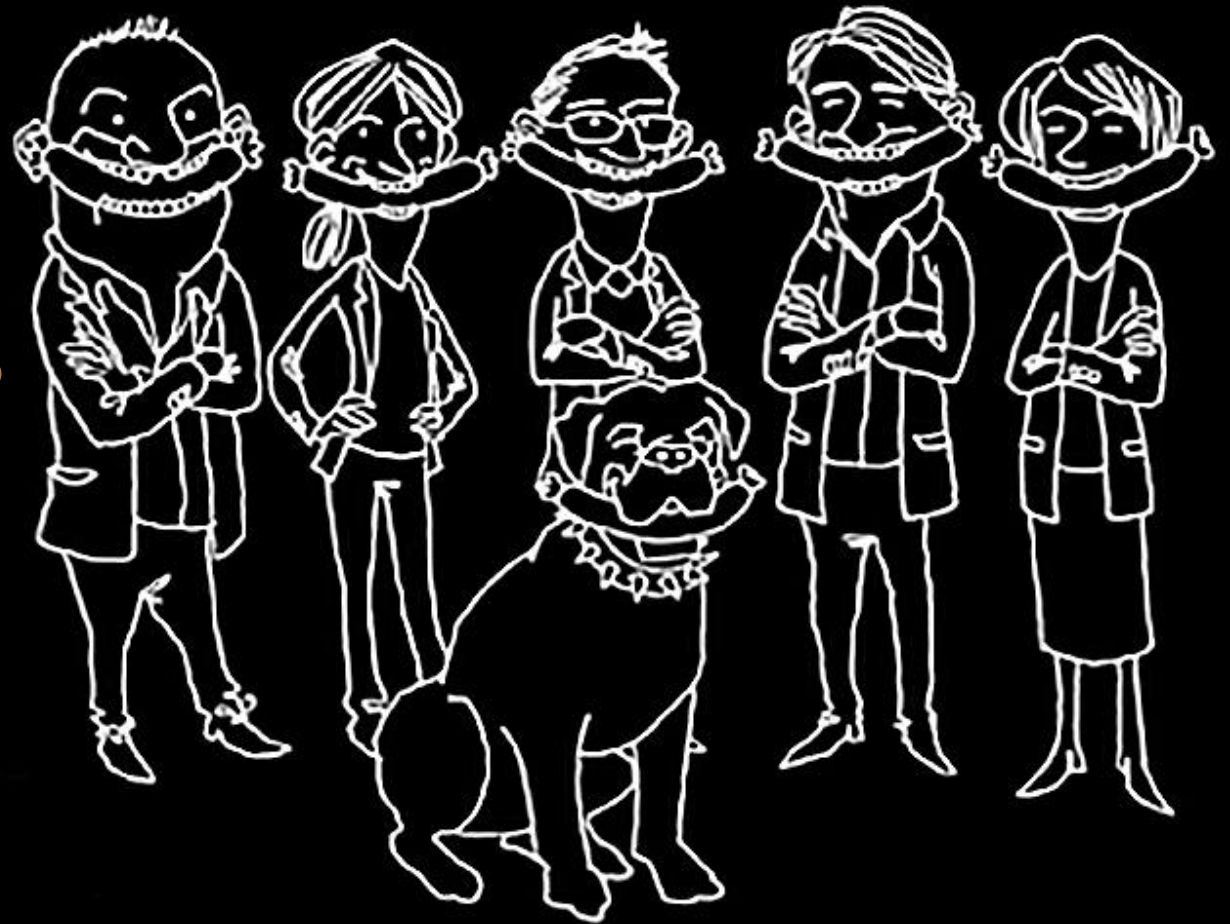
5 Flexible business model

6 Deep knowledge of hotel properties

➤ The best team | Top goal scorers on every position

Working at Pandox

“Everyone is sniffing out the next business opportunity”



➤ Sustainability | Pandox Fair Play



Green
Properties



Green
Operations



Sustainable
supply chains



Responsible
Business



Attractive
Workplace



Guest
Experience



Contribution
to local
communities

➤ Sustainability | Pandox Fair Play



Green
Properties



Green
Operations



Contribution
to local
communities



Responsible
Business



Attractive
Workplace



Guest
Experience



Sustainable
supply chains

➤ Green properties | Smart investments

Hotel Berlin, Berlin
Solar power



EXCELLENCE IN HOTEL OWNERSHIP AND OPERATIONS

This is Pandox

➤ Green operations | Efficiency in many areas



Hilton Garden Inn
Kaizen water savings



Hilton Garden Inn
Kaizen energy savings

➤ Contribution to local communities | Enbackaskolan



Scandic Star Sollentuna
Hotel study visit

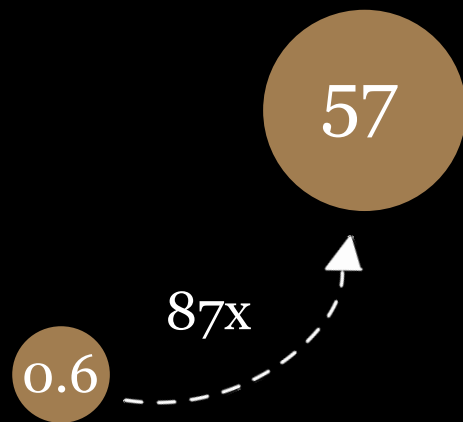
2

Strategic position
Anders Nissen

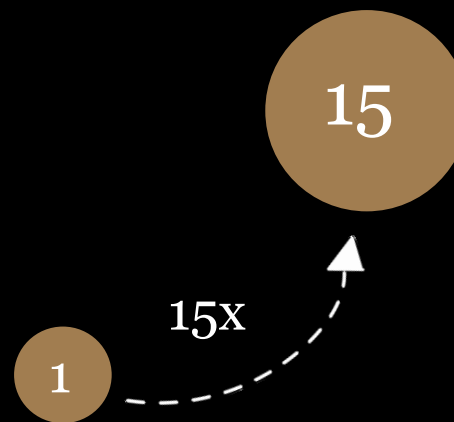
➤ Strategic position | 25 years of development



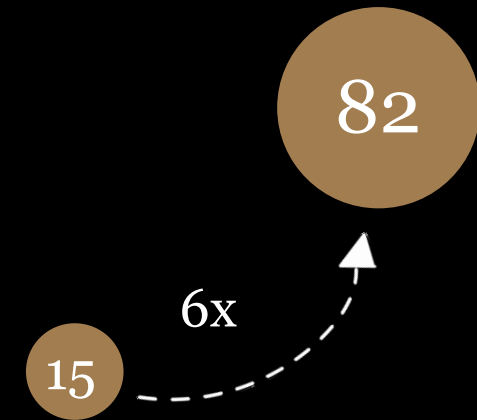
➤ Strategic position | Larger and more diversified (*)



Portfolio market value (SEKbn)

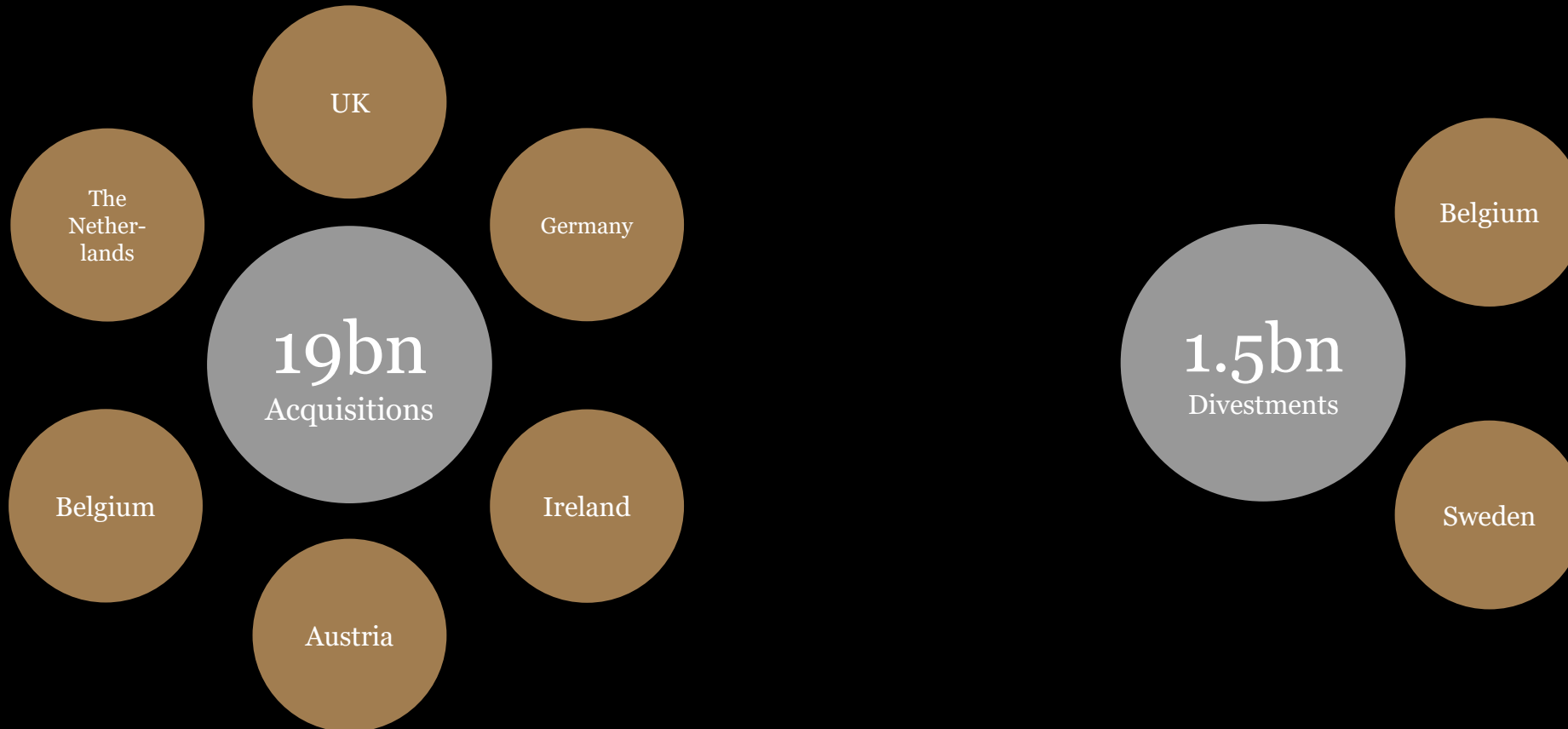


Number of countries



Number of destinations

➤ Strategic position | European expansion



➤ Strategic position | A well-diversified portfolio

Pandox Group	Property Management	Operator Activities
<p>144 Hotel properties 32,273 Rooms</p>	<p>128 Leased properties 27,314 Rooms</p>	<p>16 Operated properties 4,959 Rooms</p>
<p>SEK 56.7bn Property market value</p>	<p>85% Property market value</p>	<p>15% Property market value</p>

➤ Strategic position | Good geographical balance

2%

21%

32%

45%

- ✓ 15 countries
- ✓ 82 destinations
- ✓ +20 brands

The circles illustrate market value by region as of 31 March 2019 (rounded percentages)

➤ Strategic position | A strong portfolio of brands

Scandic

Radisson BLU

ELITE HOTELS
OF SWEDEN


INTERCONTINENTAL.

Hotel Hubert
Grand Place

PARK HOTEL
AMSTERDAM




Hilton

JURYS
INN
Stay Happy


Holiday Inn

The Hotel.
BRUSSELS


CROWNE PLAZA®
HOTELS & RESORTS


nh
HOTELS


MEININGER
The urban traveler's home.


Leonardo
Hotels


FIRST

NORDIC
CHOICE
HOTELS



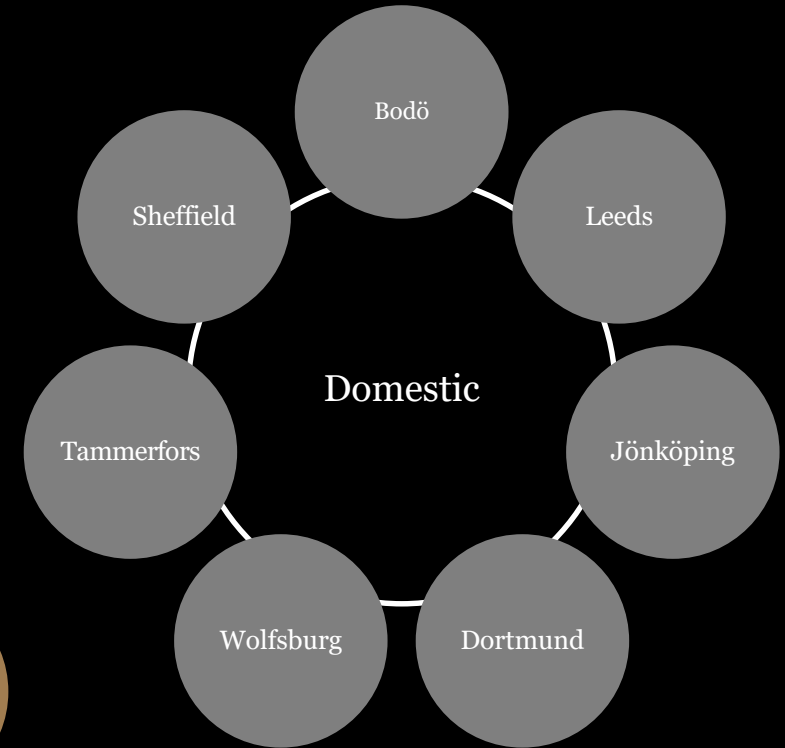
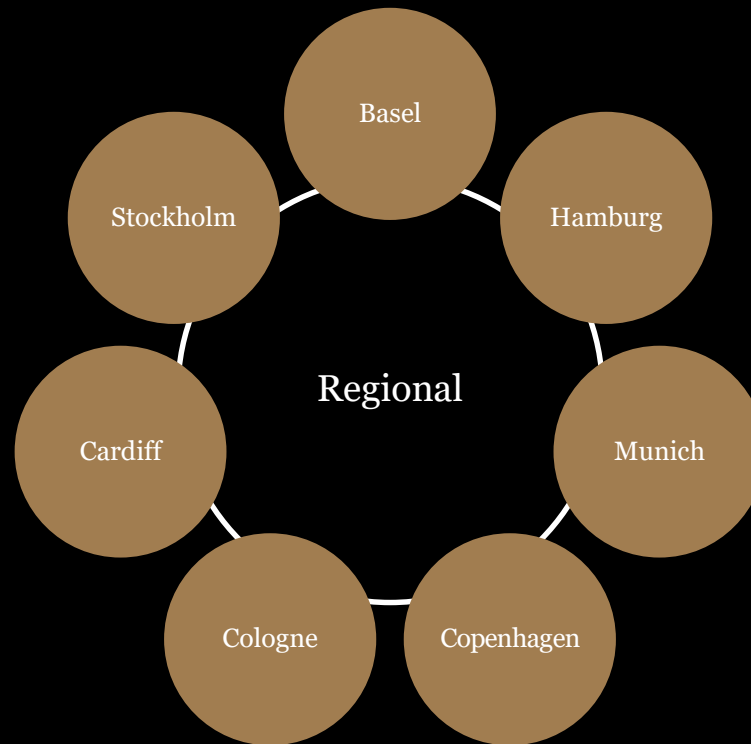
DOUBLETREE
BY HILTON™


Hilton
Garden Inn™

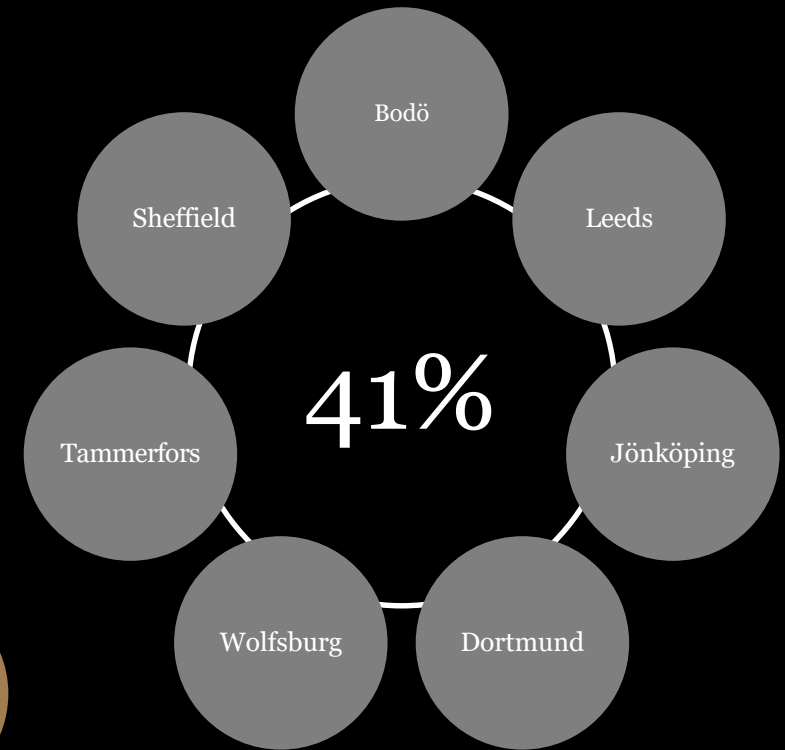
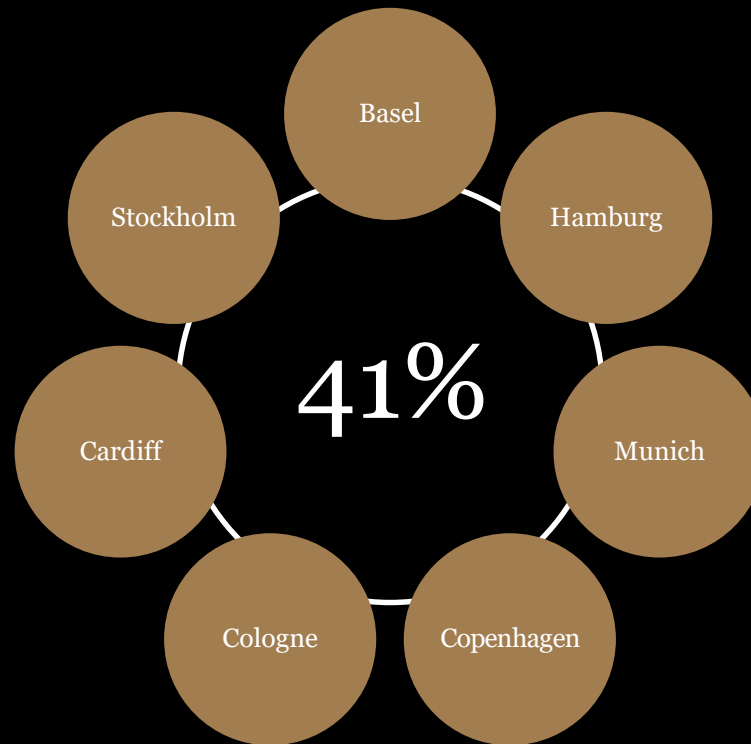
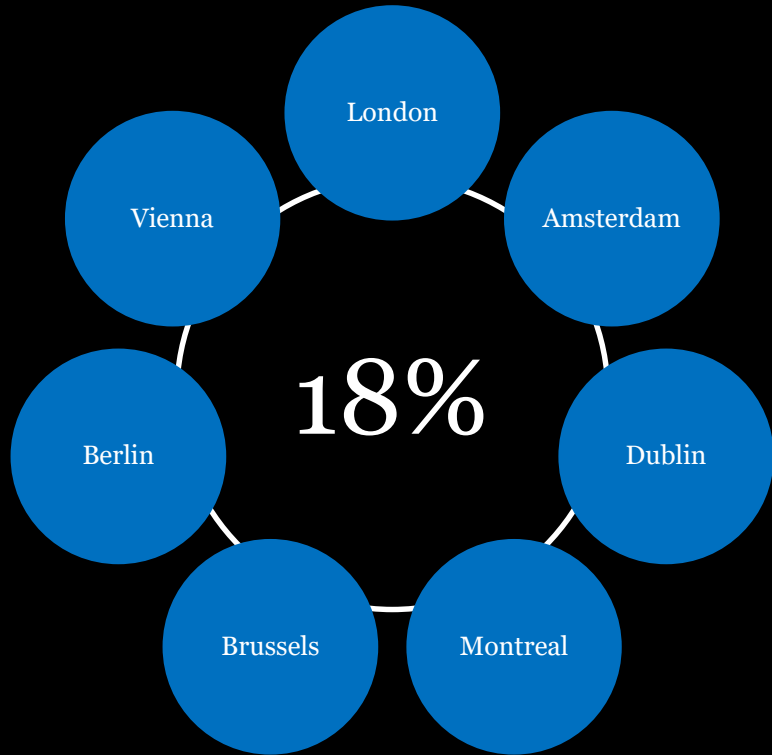
Hotel Berlin, Berlin

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

➤ Strategic position | Three categories of destinations



➤ Strategic position | Three categories of destinations





- International
- Regional
- Domestic



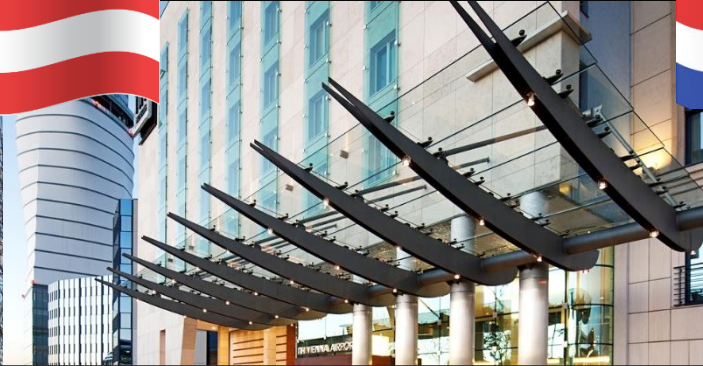
Pandox™

EXCELLENCE IN HOTEL OWNERSHIP AND OPERATIONS

➤ Strategic position | International flagship hotels



Hilton London Heathrow Airport
398 rooms



NH Vienna Airport
499 rooms



Park Hotel Amsterdam
189 rooms



Hotel Berlin, Berlin
701 rooms



DoubleTree by Hilton Montreal
595 rooms



The Hotel, Brussels
421 rooms

➤ Strategic position | Regional flagship hotels



Hilton Stockholm Slussen
289 rooms



Scandic Copenhagen
486 rooms



Radisson Blu Cologne
393 rooms



NH Collection Hamburg City
129 rooms



Jurys Inn Manchester
265 rooms



Leonardo Royal Hotel Frankfurt
449 rooms

➤ Strategic position | Domestic flagship hotels



Radisson Blu Dortmund
190 rooms



Jurys Inn Sheffield
259 rooms



Elite Stora Hotellet Jönköping
167 rooms



Leonardo Hotel Wolfsburg City Centre
343 rooms



Scandic Tampere City
263 rooms

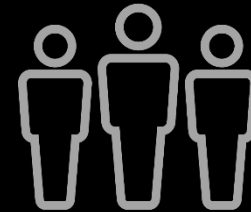
➤ Strategic position | Conclusion



Specialisation
drives value



Pan-European position
creates opportunities

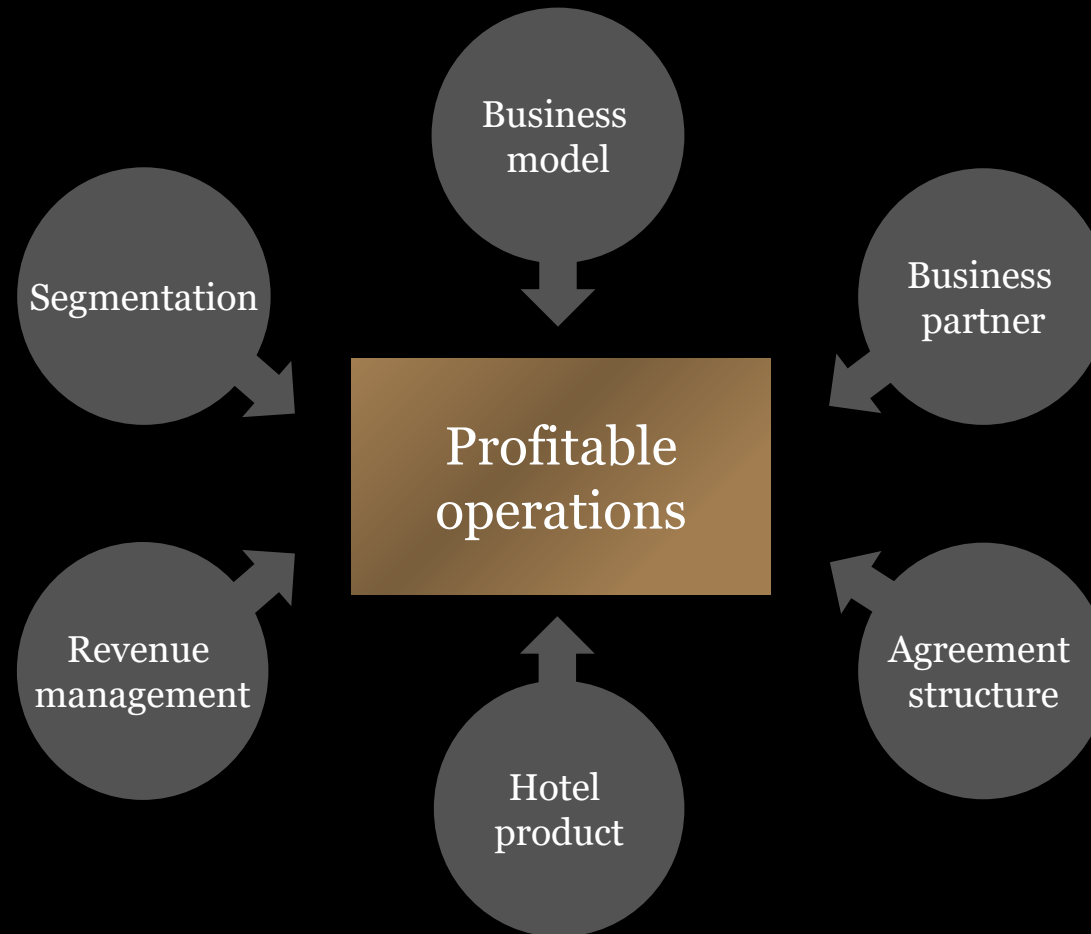


The best people to
make it happen

3

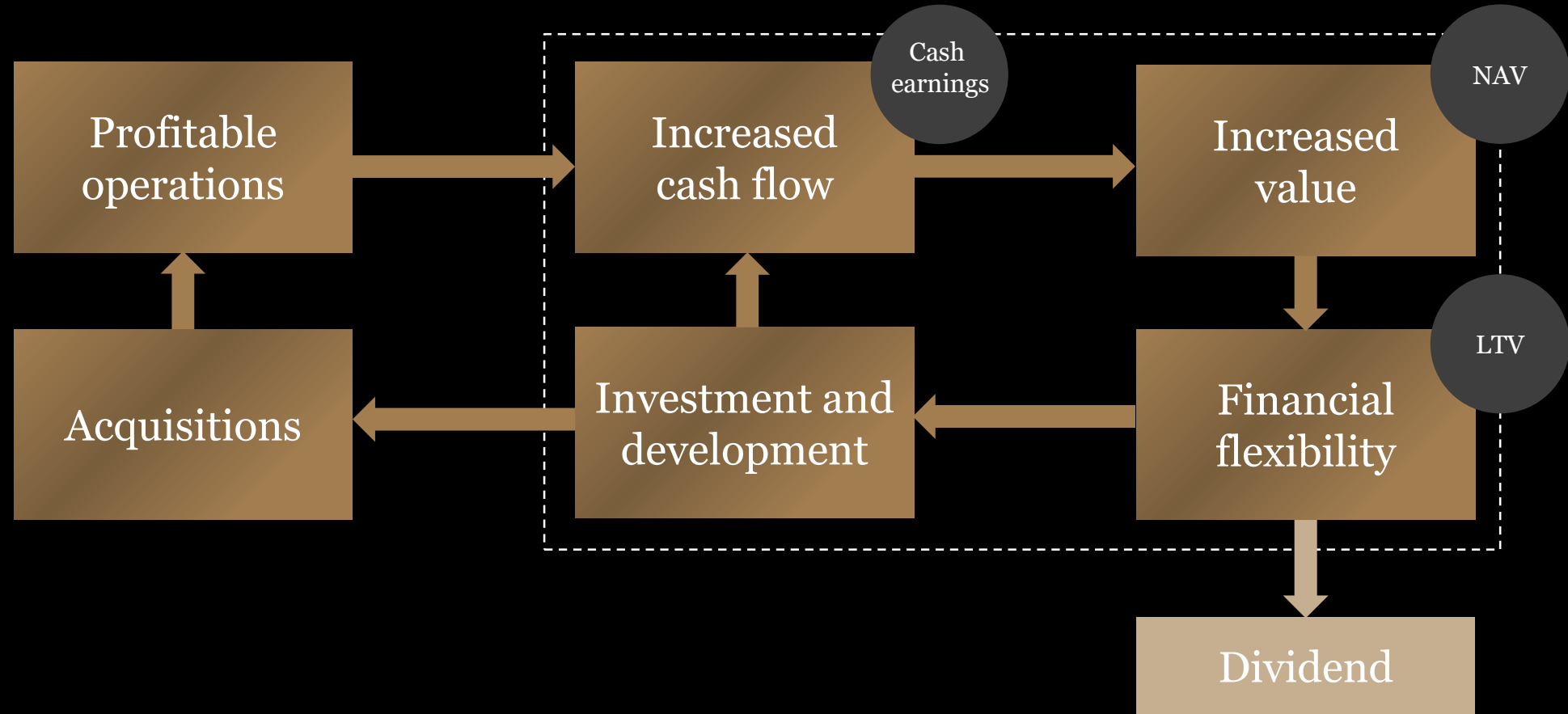
Financial position
Liia Nõu

➤ Financial position | Profitable operations is key

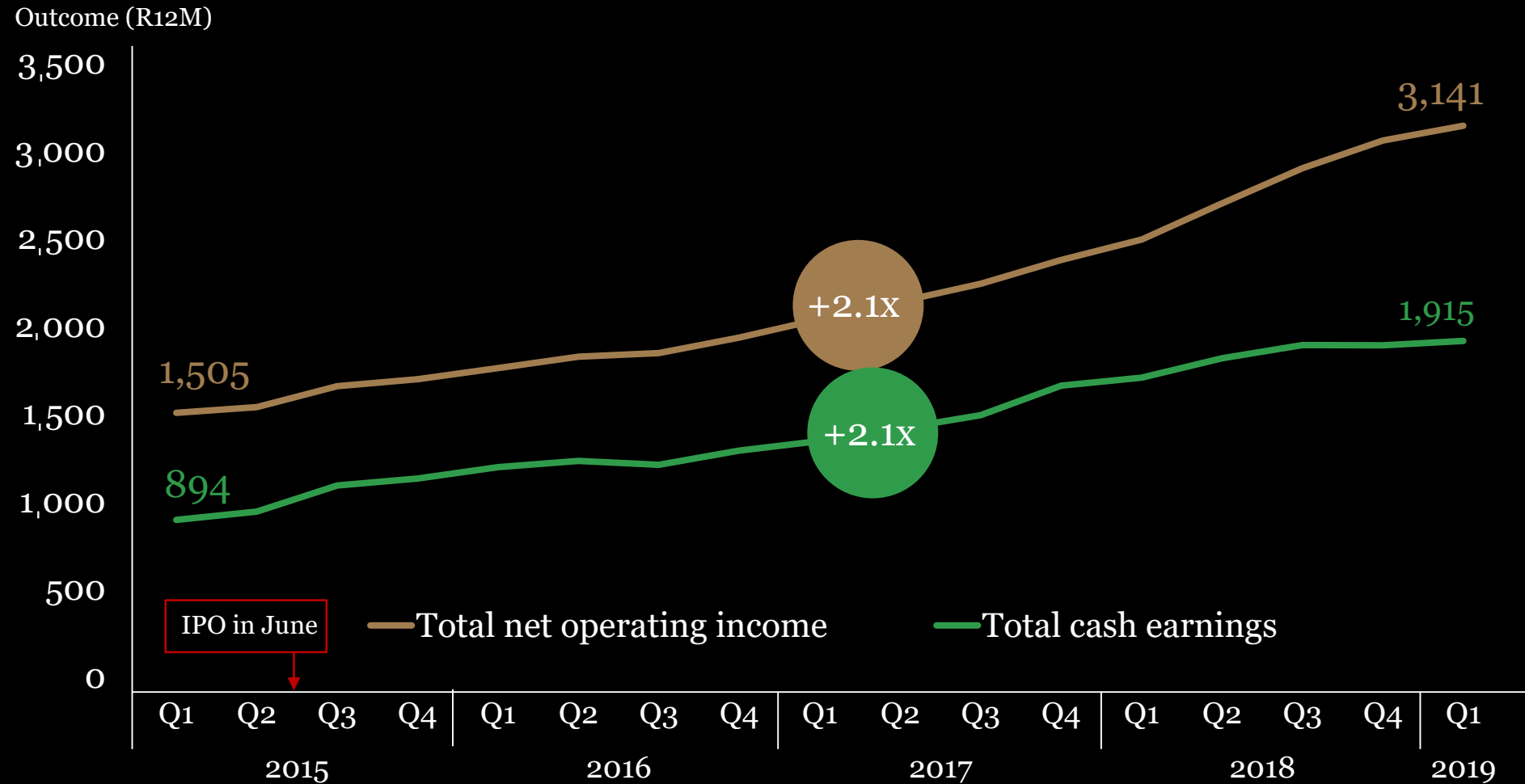


➤ Financial position | The way Pandox creates value

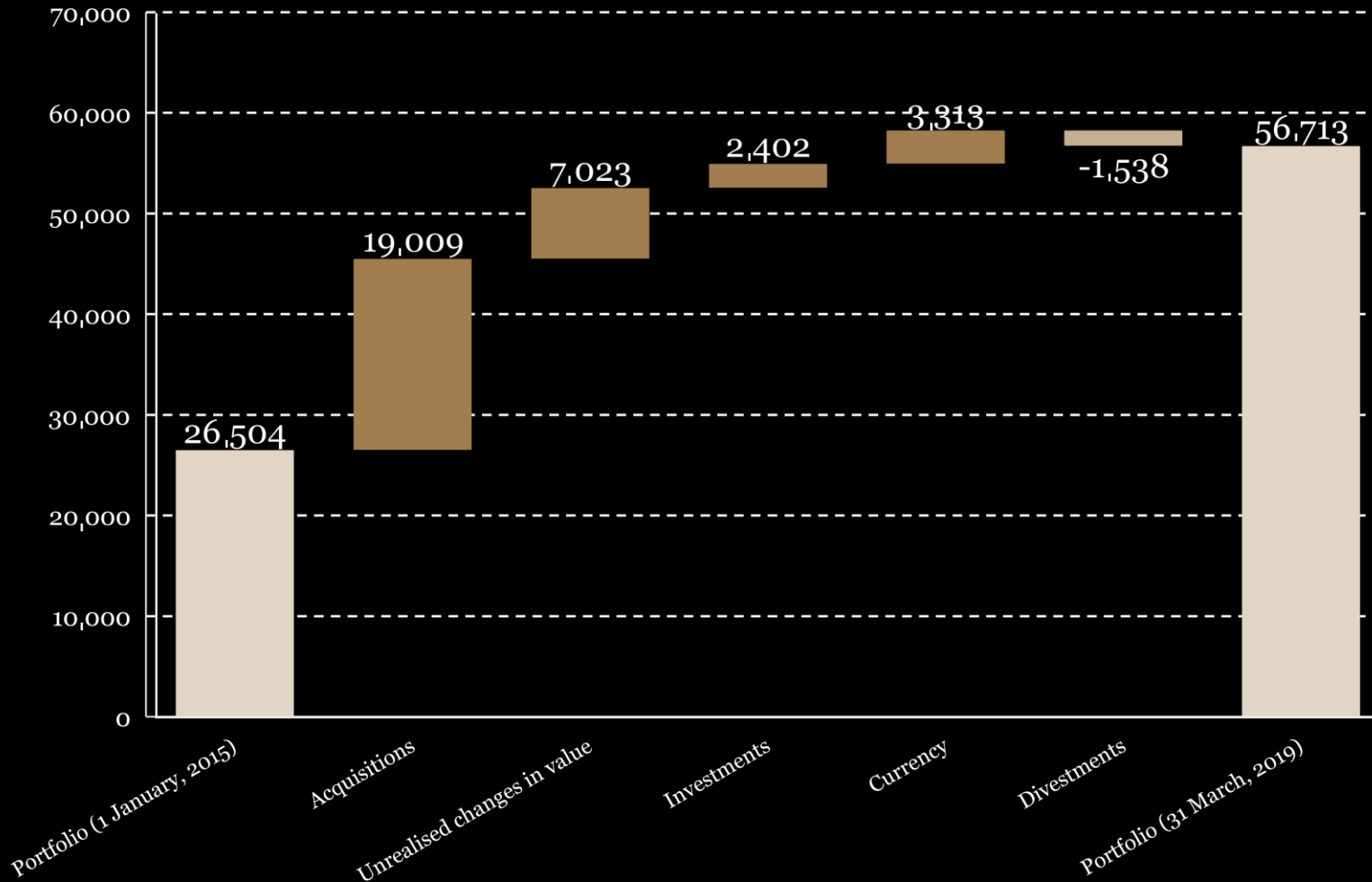
Active ownership aimed at offering the most attractive platform for hotel operations



➤ Financial position | Focus on profitable growth



➤ Financial position | Portfolio has doubled in size

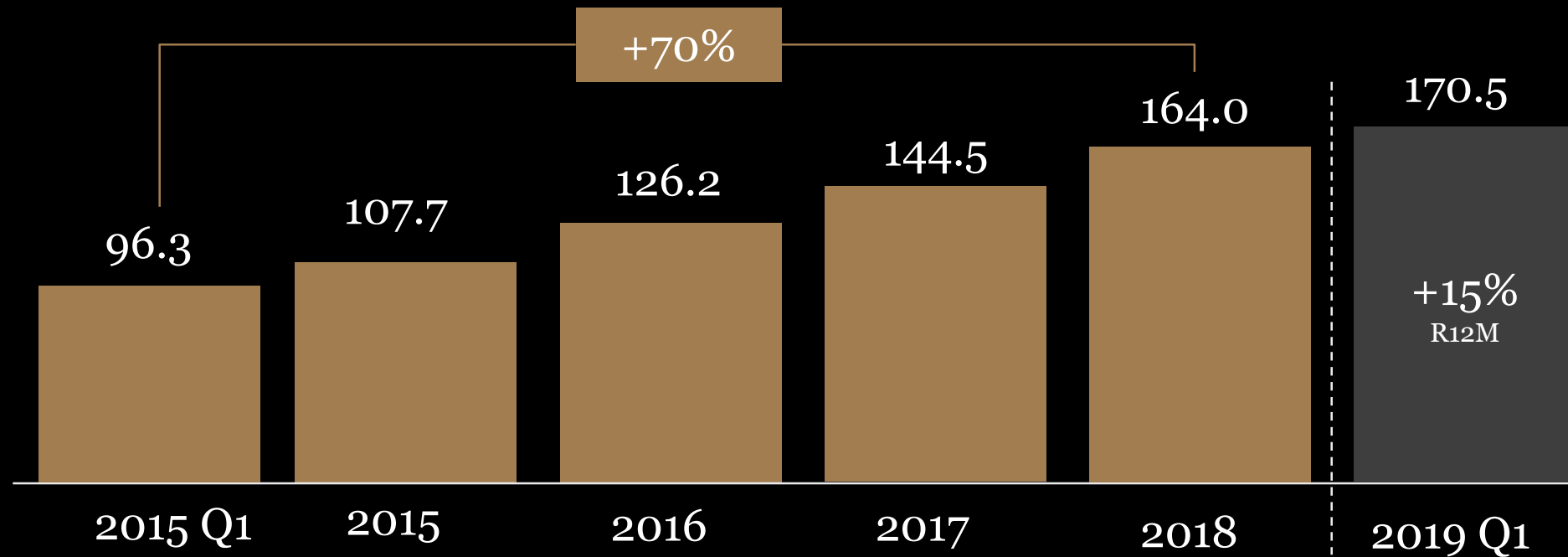


Total increase
+114%

Acquisitions **+72%**
 Unrealised value chg **+26%**
 Investments **+9%**
 Currency **+13%**
 Divestments **-6%**

➤ Financial position | Growth in EPRA NAV per share

From strong earnings growth and solid value increases in the property portfolio



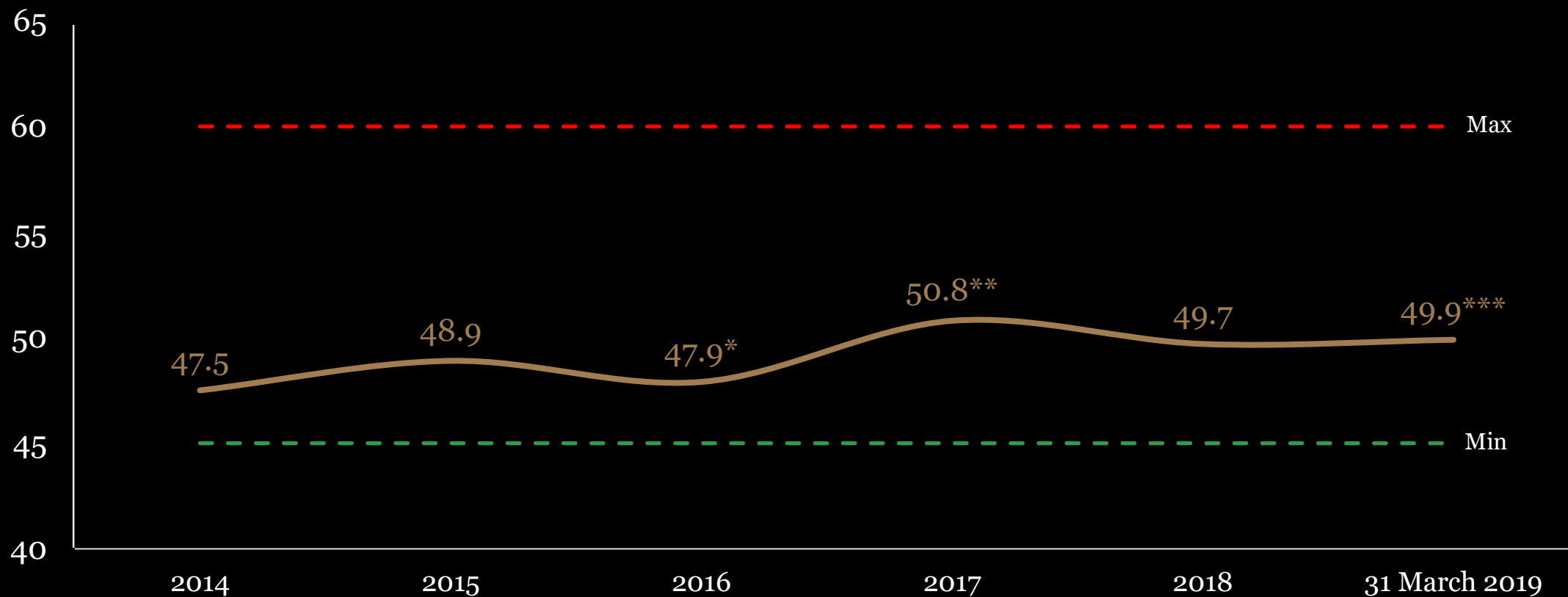
➤ Financial position | Sound financial profile

Loan to value (%)

Acquisitions SEK 19bn

Investments SEK 2.4bn

Divestments SEK 1.5bn



*New share issue of MSEK 1,012 **New share issue of MSEK 1,480 ***Adjusted for dividend of MSEK 787



➤ Financial position | Our financing

Other 15%	28,436	2.6	3.0
GBP 20%			
SEK 25%			
EUR 40%			
Total loan portfolio (MSEK)		Average interest rate end of period (%)	Average repayment period (yrs)
MSEK 3,612 in liquid funds and long-term unutilised credit facilities			
Bank financing secured by a combination of mortgage collateral and pledged shares			

➤ Financial position | Sensible allocation of capital

Balanced
approach to
capital
allocation

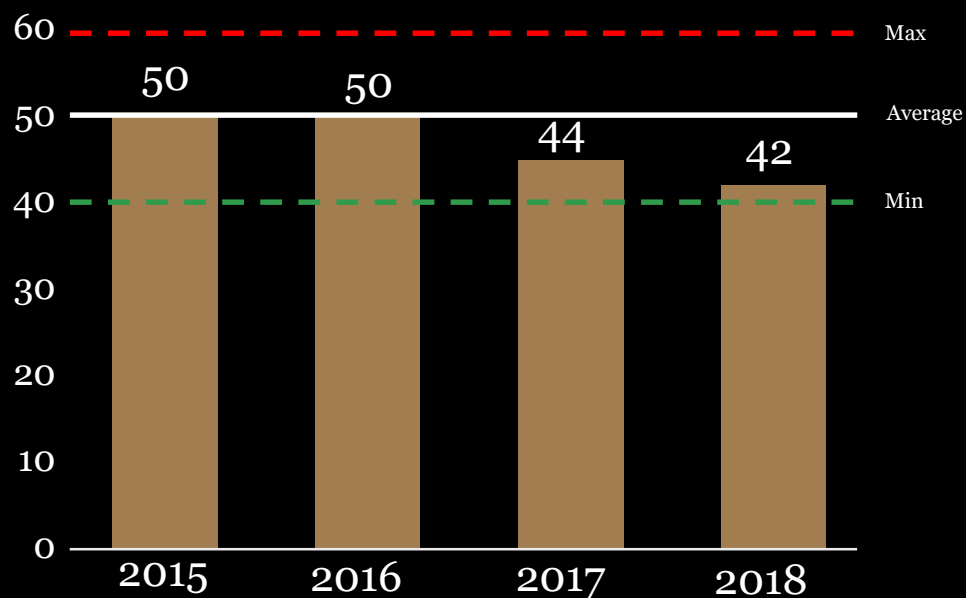
Investments in the existing portfolio

Acquisitions of new hotel properties

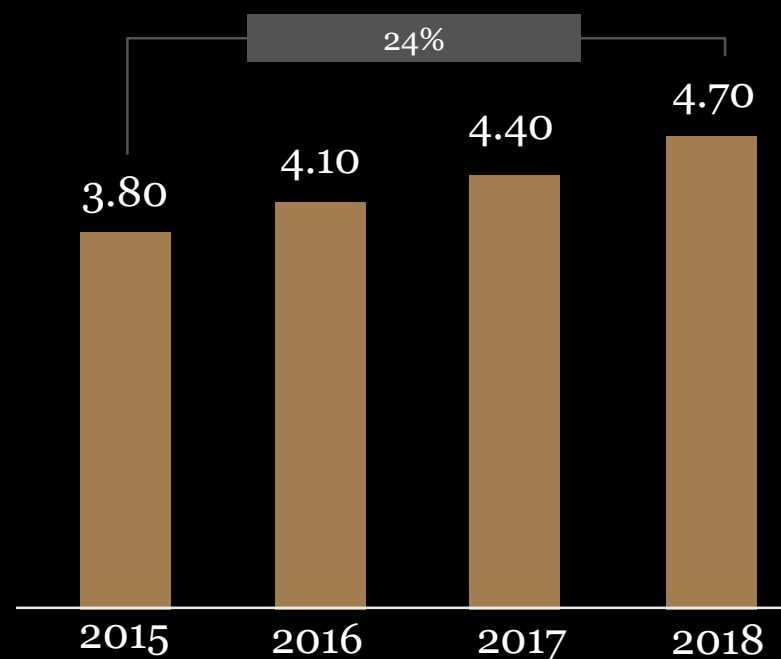
Distribution of funds to shareholders

➤ Financial position | Dividend and payout ratio

Dividend pay-out-ratio of cash earnings, %
"Old"

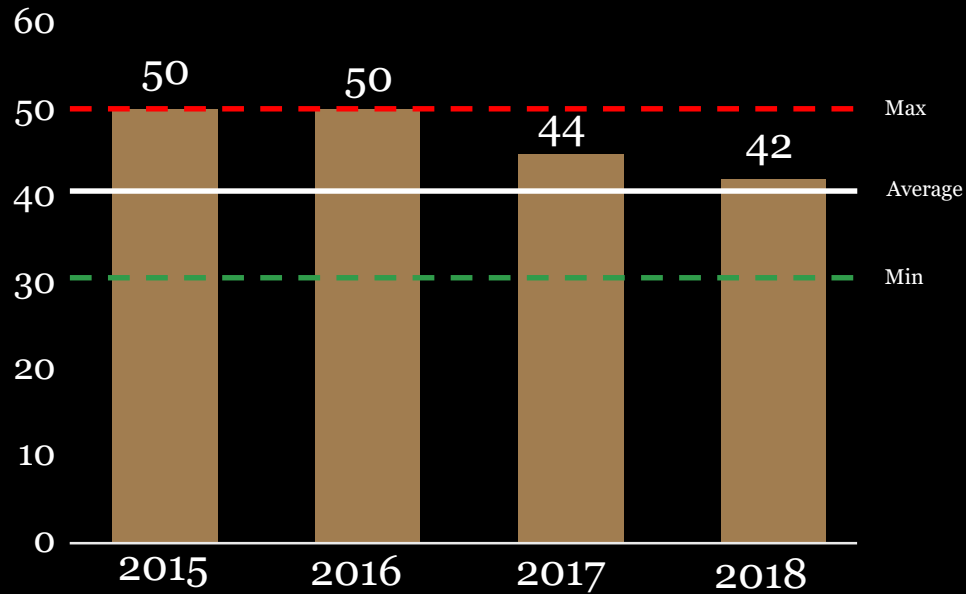


Dividend, SEK per share



➤ Financial position | New dividend target range

Dividend pay-out-ratio of cash earnings, %
"New"



Adjusted for increased financial flexibility and to support future growth

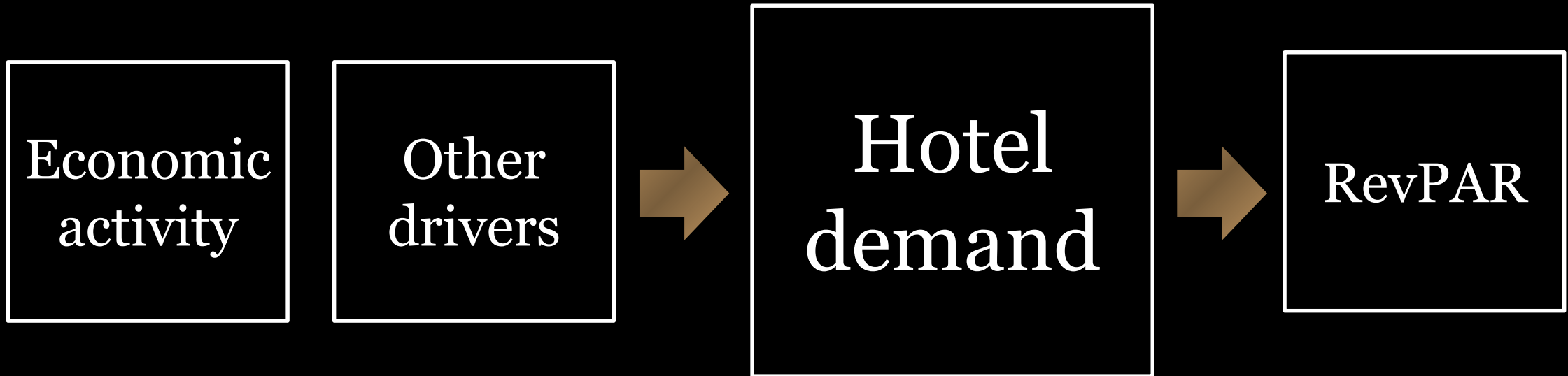
➤ Financial position | Conclusion

- 1 Proven and profitable model for value creation
- 2 Committed to growth and shareholder value
- 3 Balanced approach to capital allocation

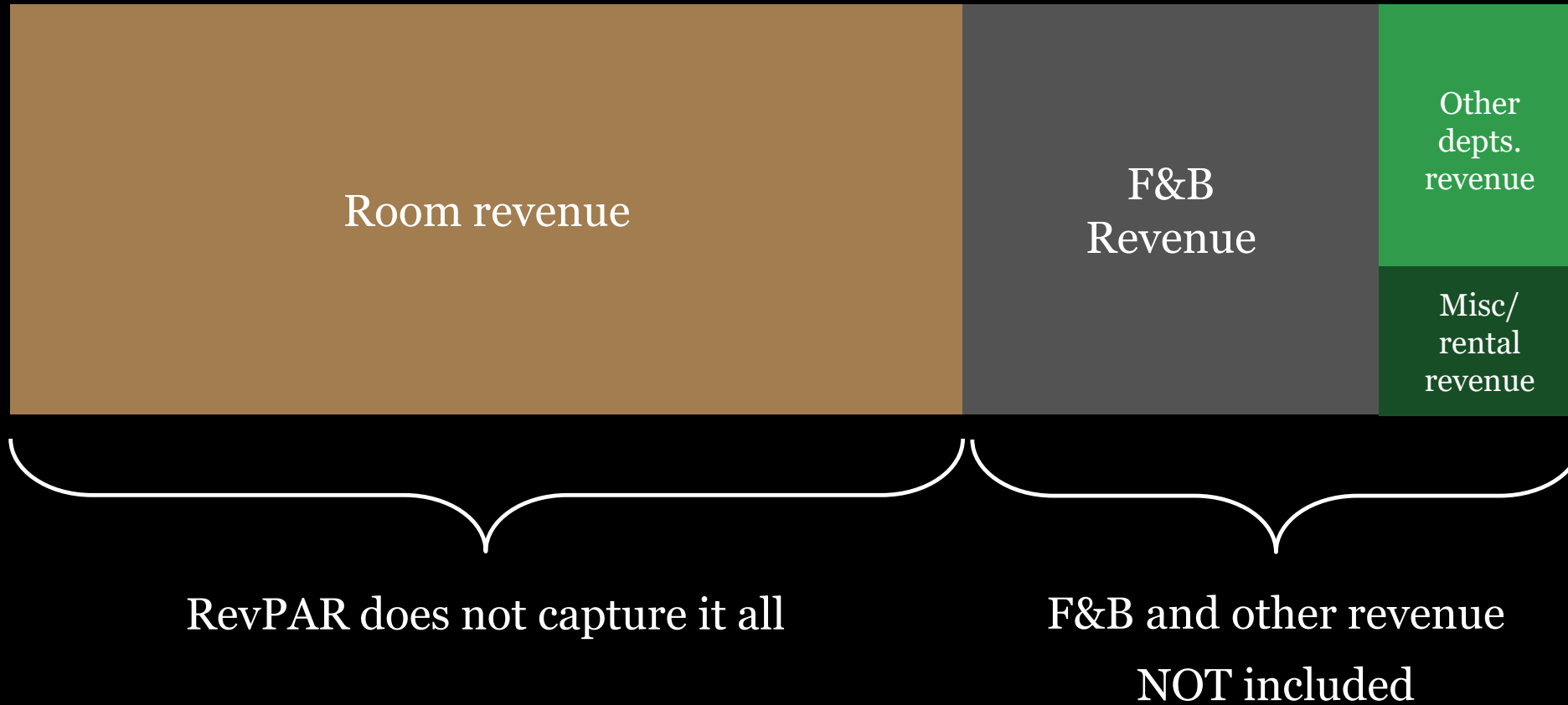
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Key concepts
Jonas Törner

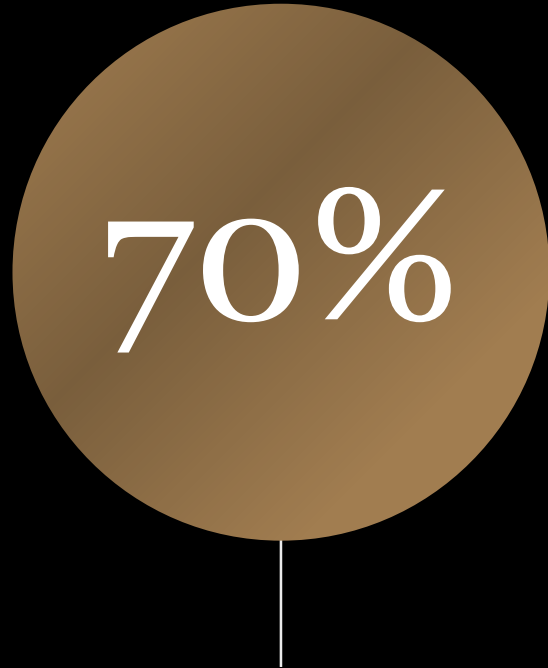
➤ Key concepts | It starts with economic activity



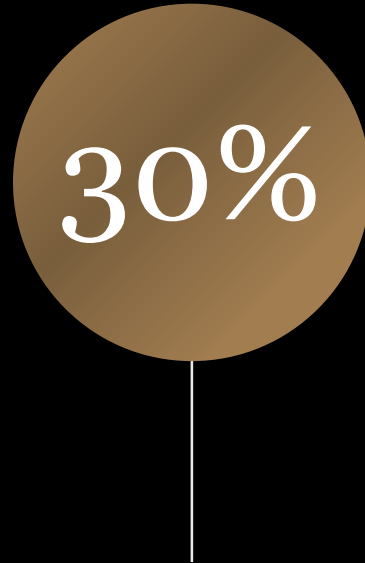
➤ Key concepts | RevPAR does not capture it all



➤ Key concepts | Domestic vs international



Domestic



International

Growing at a faster pace

Growing global middle-class

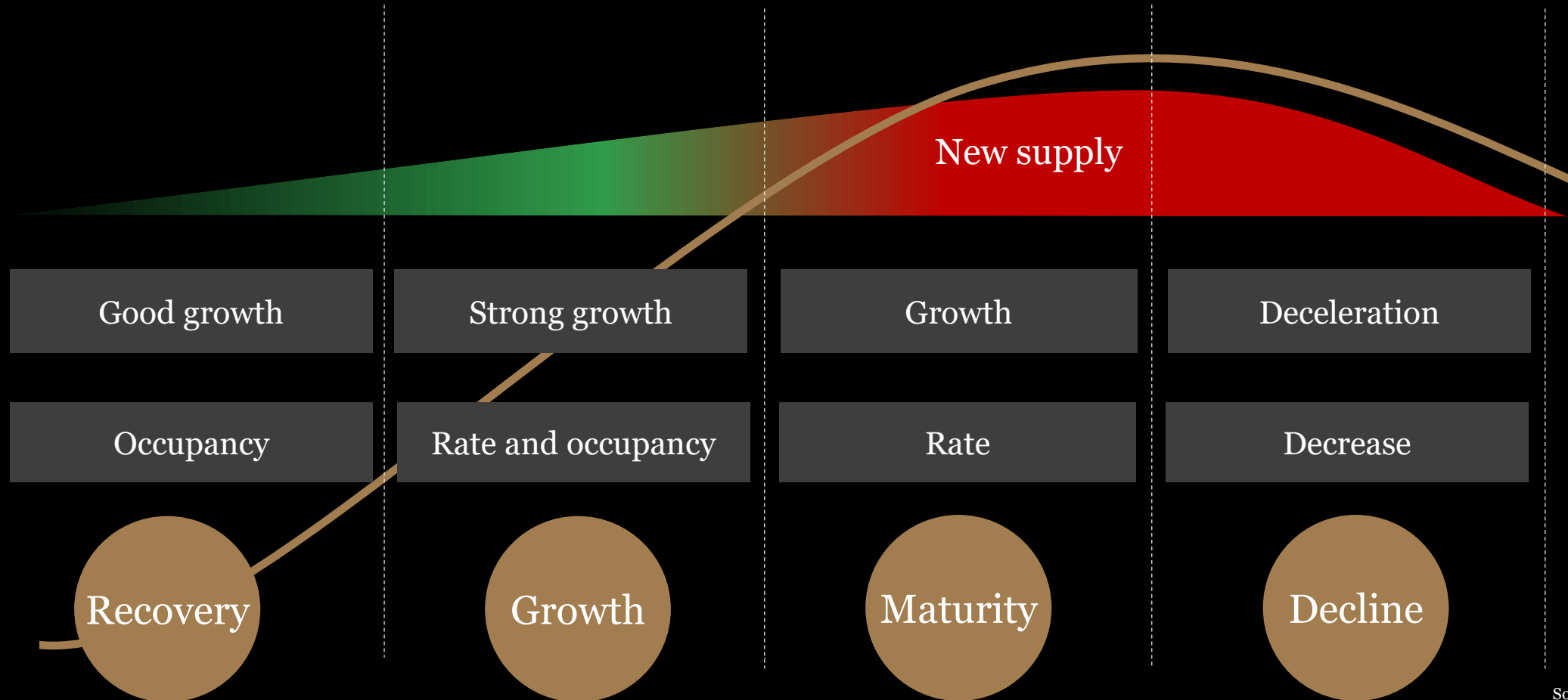
+

Improved connectivity

=

More travel

➤ Key concepts | The four phases of the hotel cycle



- Key concepts | Hotel supply
 - Supply increased 1.2 percent in Europe 2018
 - Demand increased by 2.3 percent in Europe 2018
 - Supply pipeline dominated by large hotel markets such as Germany, UK, France, Spain and Turkey
 - Supply affecting Pandox negatively in Heathrow, Copenhagen, Oslo and some regional UK cities
 - Markets with a positive supply situation are Brussels, Montreal, Stockholm and many regional markets in the Nordics

5

The Pandox platform

Anders Nissen

Jonas Törner

- The Pandox platform | Where we are today
- In many ways a new company
- Bigger portfolio
- More international

➤ The Pandox platform | Acquisitions since 2015

3

Portfolios

5

Single assets

➤ The Pandox platform | Portfolio of 18 hotels in Germany

Description

Country: Germany

Rooms: 3,415

Brand: Leonardo Hotels

- 2015
- MEUR 400
- Property Management

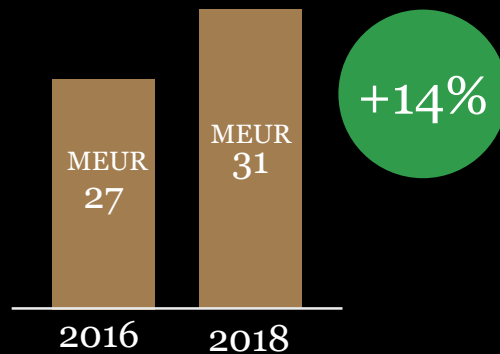
Drivers

- Profitable leases
- Underperforming assets
- German footprint

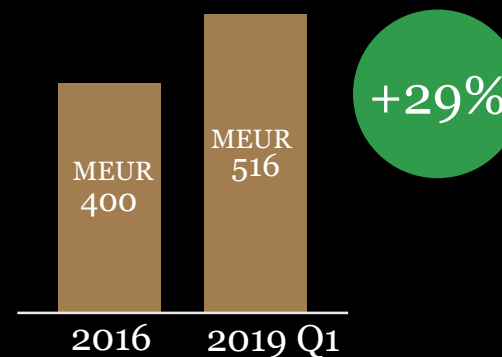
Actions

- >3,000 rooms refurbished
- 131 room expansion in Wolfsburg
- Investments mostly by tenant

Hotel rent



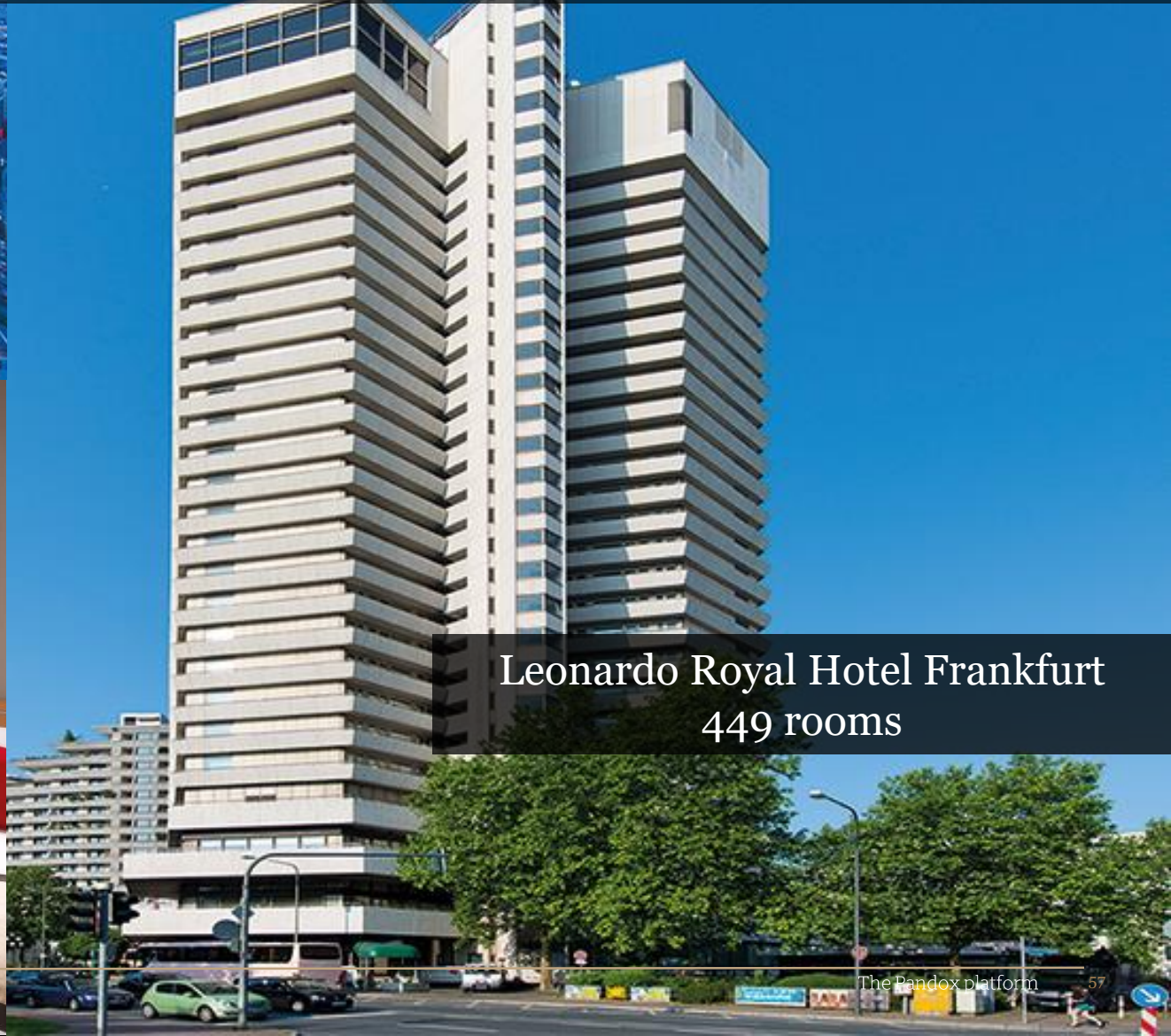
Market value



Yield on cost

7.5%

➤ The Pandox platform | Portfolio of 18 hotels in Germany



Leonardo Royal Hotel Frankfurt
449 rooms



EXCELLENCE IN HOTEL OWNERSHIP AND OPERATIONS

➤ The Pandox platform | Portfolio of 18 hotels in Germany



Leonardo Royal Hotel Düsseldorf
Königsallee, 253 rooms



EXCELLENCE IN HOTEL OWNERSHIP AND OPERATIONS

➤ The Pandox platform | Portfolio of 18 hotels in Germany



Leonardo Hotel Mönchengladbach
128 rooms



Leonardo Hotel Hannover
178 rooms



Leonardo Hotel Karlsruhe
147 rooms



Leonardo Hotel Hamburg City Nord
182 rooms

➤ The Pandox platform | Portfolio of 7 hotels in Europe

Description

Country: Germany, Austria, NL

Rooms: 1,744

Brand: NH, Radisson, Park

- 2016
- MEUR 415
- Property Management

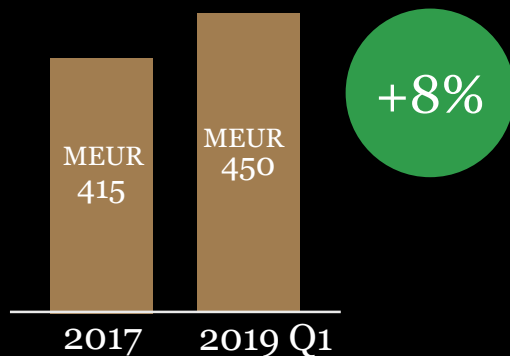
Drivers

- Improvement potential
- Prime locations
- Profitable leases

Actions

- Radisson Blu Cologne renovated
- NH Vienna Airport, Park Hotel Amsterdam on-going
- Three more NH hotels planned

Market value



Portfolio under development

MEUR 3 in rent potential from 2018 level

➤ The Pandox platform | Portfolio of 7 hotels in Europe



Radisson Blu Cologne
393 rooms

➤ The Pandox platform | Portfolio of 7 hotels in Europe



NH Vienna Airport
499 rooms

➤ The Pandox platform | Portfolio of 7 hotels in Europe



Park Hotel Amsterdam
189 rooms



EXCELLENCE IN HOTEL OWNERSHIP AND OPERATIONS

➤ The Pandox platform | Portfolio of 21 hotels in the UK and Ireland

Description

Country: UK and Ireland

Rooms: 4,330

Brand: Jurys Inn, Hilton
Garden Inn

- 2017
- MGBP 680
- Property Management

Drivers

- Improvement potential
- Complex transaction
- UK footprint in top locations

Actions

- Legal reorganisation
- Pricing and segmentation
- Renovation and extension

Growth
potential
from previous
renovations

RevPAR
growth
of 8% vs. 1.5%
for market
in 2018

Growth
potential
from future
extensions

➤ The Pandox platform | Portfolio of 21 hotels the UK and Ireland



Jurys Inn Manchester
265 rooms

➤ The Pandox platform | Portfolio of 21 hotels the UK and Ireland



Jurys Inn Glasgow
321 rooms



Jurys Inn Birmingham
445 rooms



Pandox

EXCELLENCE IN HOTEL OWNERSHIP AND OPERATIONS

Jurys Inn
The Pandox platform

➤ The Pandox platform | Portfolio of 21 hotels the UK and Ireland



Jurys Inn Oxford
240 rooms

> The Pandox platform | Hilton Grand Place Brussels

Description

224 rooms, city center location

- 2016
- MEUR 55
- Operator Activities

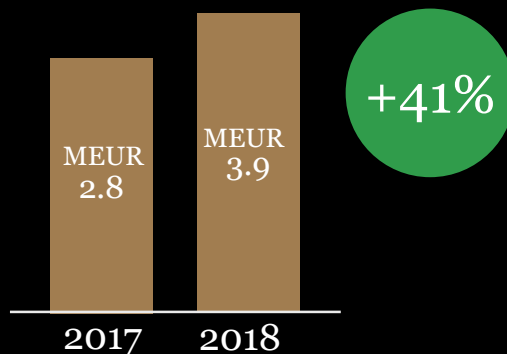
Drivers

- Prime location
- Distressed

Actions

- Strengthened position
- Management and productivity
- Property development

Net operating income



Strong
profitability
development
and potential

➤ The Pandox platform | Hilton Grand Place Brussels



➤ The Pandox platform | Silken EU Berlaymont

Description

214 rooms, EU district location

- 2016
- MEUR 33
- Operator Activities

Drivers

- Underperforming
- Operations

Actions

- Renovation of rooms
- Focus on business segment
- Productivity

Quick
round-trip in
the integrated
business
model

Profitable lease
agreement with
NH Hotels

➤ The Pandox platform | Silken EU Berlaymont



➤ The Pandox platform | Hilton London Heathrow Airport T4

Description

398 rooms, airport location

- 2017
- MGBP 80
- Property Management

Drivers

- Strong location and reputation
- Profitable lease

Actions

- Renovation of public areas planned

Market entry to one of the world's largest airports with 75m arrivals

Strong long-term potential due to airport expansion

➤ The Pandox platform | Hilton London Heathrow Airport T4



➤ The Pandox platform | The Midland Manchester

Description

312 rooms, prime location

- 2018
- MGBP 102
- Property management

Drivers

- Strong repositioning potential and RevPAR upside

Actions

- Joint renovation programme

MGBP 11 in
renovations
starting
Q3 2019

The best hotel
in Manchester

➤ The Pandox platform | The Midland Manchester



➤ The Pandox platform | Radisson Blu Glasgow

Description

247 rooms, prime location

- 2018
- MGBP 39
- Operator Activities

Drivers

- Upside from recent renovations

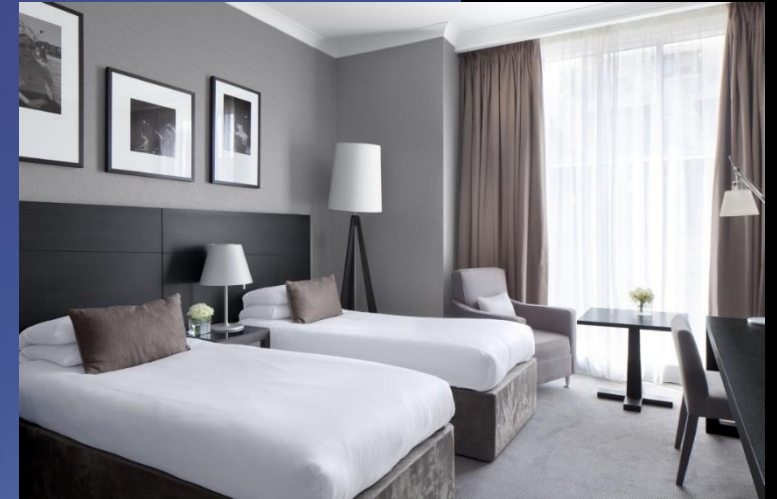
Actions

- Explore potential for rate increase via select room refurb

Long-term play
in interesting
market

Strengthens
market
position at
attractive yield

➤ The Pandox platform | Radisson Blu Glasgow



EXCELLENCE IN HOTEL OWNERSHIP AND OPERATIONS

➤ The Pandox platform | Conclusion



A bigger company



More diversified
business



Stronger market
position

6

Growth drivers

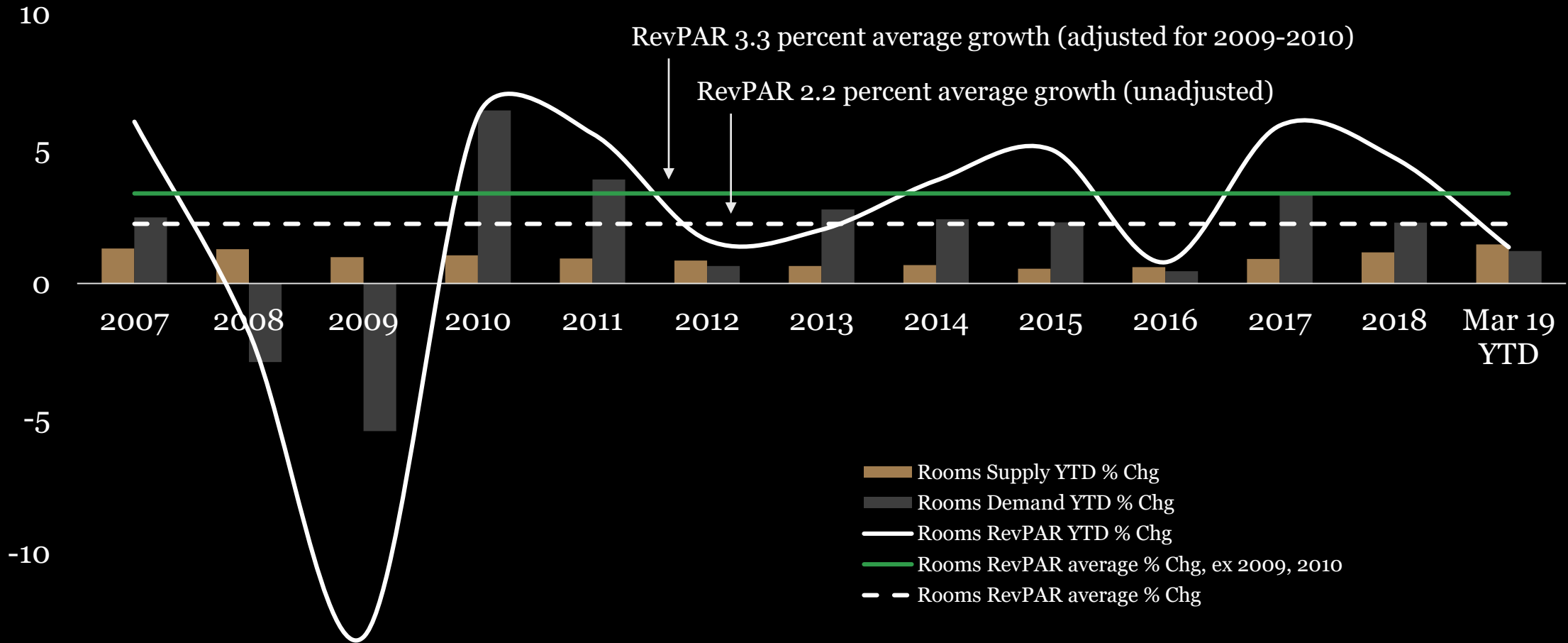
Jonas Törner

Anders Nissen

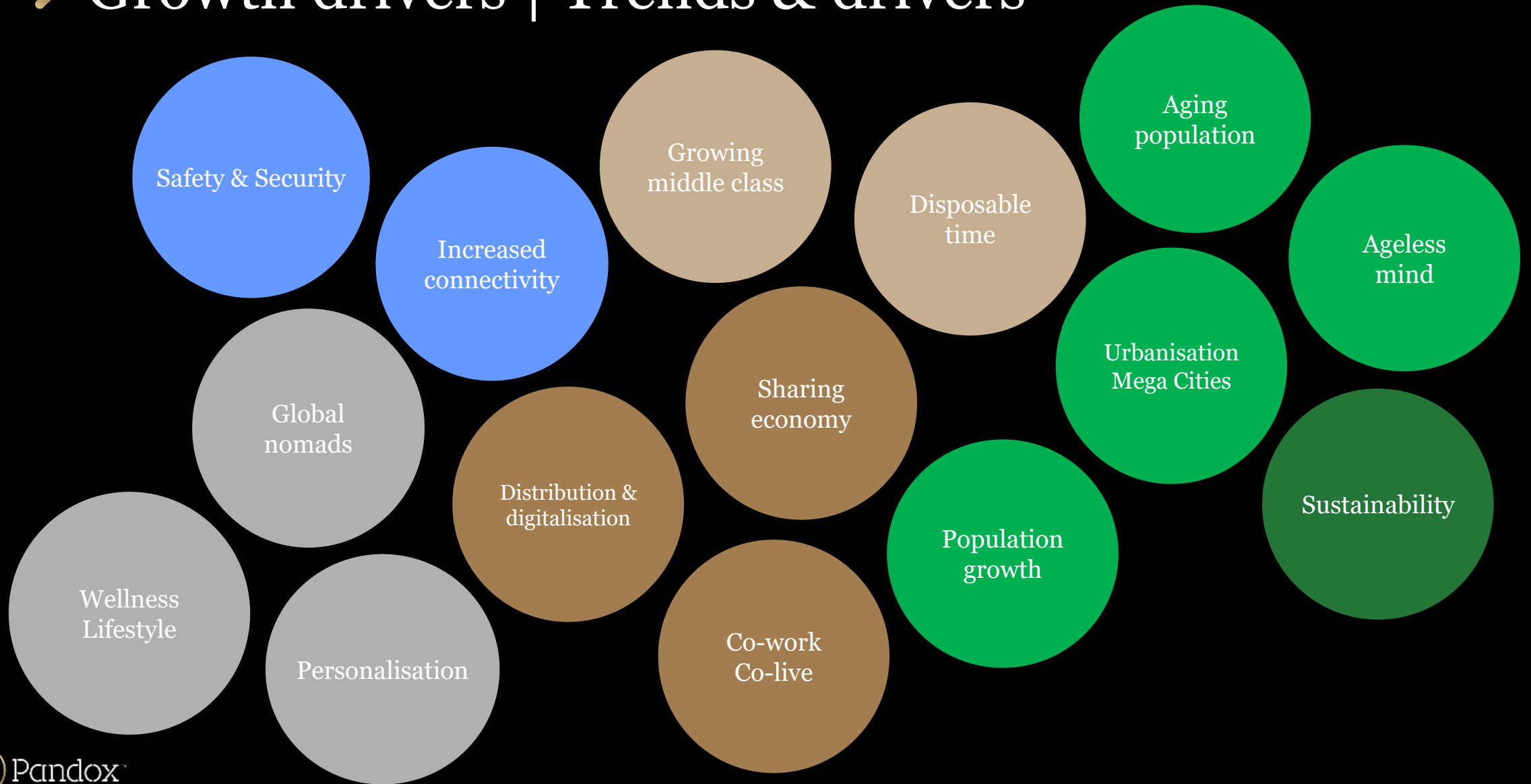
➤ Growth drivers | Key areas

- 1 The hotel market
- 2 Investments
- 3 Acquisitions

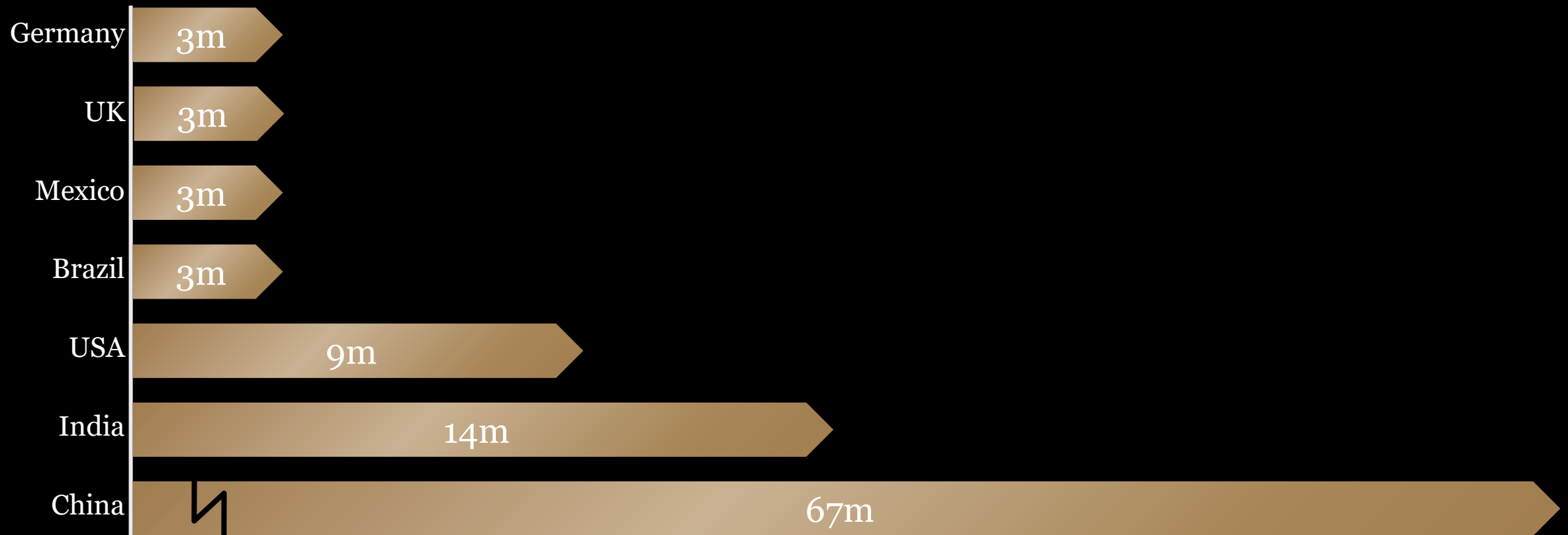
➤ Growth drivers | The long view (Europe RevPAR)



➤ Growth drivers | Trends & drivers



➤ Growth drivers | New travelling households by 2029



➤ Growth drivers | Stable long term growth outlook

+4.1%

Total passengers
by air 2018-2028

+3.6%

Total Travel & Tourism
spending 2018-2029

➤ Growth drivers | Own investments

Recently
completed

On-going

Pipeline

Driving growth and value by cash flow driving investments with an average return of 8-12 percent

➤ Growth drivers | Recently completed investments

Leonardo
portfolio
Germany

Hotel Berlin,
Berlin
Phase 1

Jurys Inn
Belfast

Hilton Grand
Place Brussels

Radisson Blu
Bodø

Scandic
Hallandia, Glostrup
Plaza Borås
Grand Örebro
Kokstad

Leonardo
Wolfsburg City
Center

Radisson Blu
Cologne

Elite
Park Avenue
Stora Hotellet

Hotel Hubert
Brussels

Approximately MSEK 800

➤ Hotel Hubert Brussels | New lifestyle concept



- ✓ MEUR 3.4 investment
- ✓ 100 rooms
- ✓ Redevelopment and repositioning
- ✓ Market value +40 percent
- ✓ Operator Activities

➤ Leonardo Wolfsburg City Centre | Hotel extension creates leading regional hotel



- ✓ MEUR 11 investment
- ✓ 131 rooms added
- ✓ 343 rooms in total
- ✓ ROI of 10 percent
- ✓ Property Management

➤ Jury Inn Belfast | Hotel extension creates leading city hotel



- ✓ MGBP 7 investment
- ✓ 80 new rooms added
- ✓ 270 rooms in total
- ✓ +30 percent expected rent growth
- ✓ Property Management

➤ Hotel Berlin, Berlin | Phase 1 - Room refurbishment



90

- ✓ MEUR 10 investment
- ✓ 500 refurbished rooms
- ✓ MEUR 1.3 increased NOI
- ✓ Positive market environment
- ✓ Operator Activities

➤ Growth drivers | On-going investments

Park Hotel
Amsterdam

Radisson Blu
Basel

Scandic Park
Stockholm

Scandic
Alexandra
Molde

Airport Bonus
Inn
Airport Hotel
Pilotti

NH Vienna
Airport

DoubleTree by
Hilton
Montreal

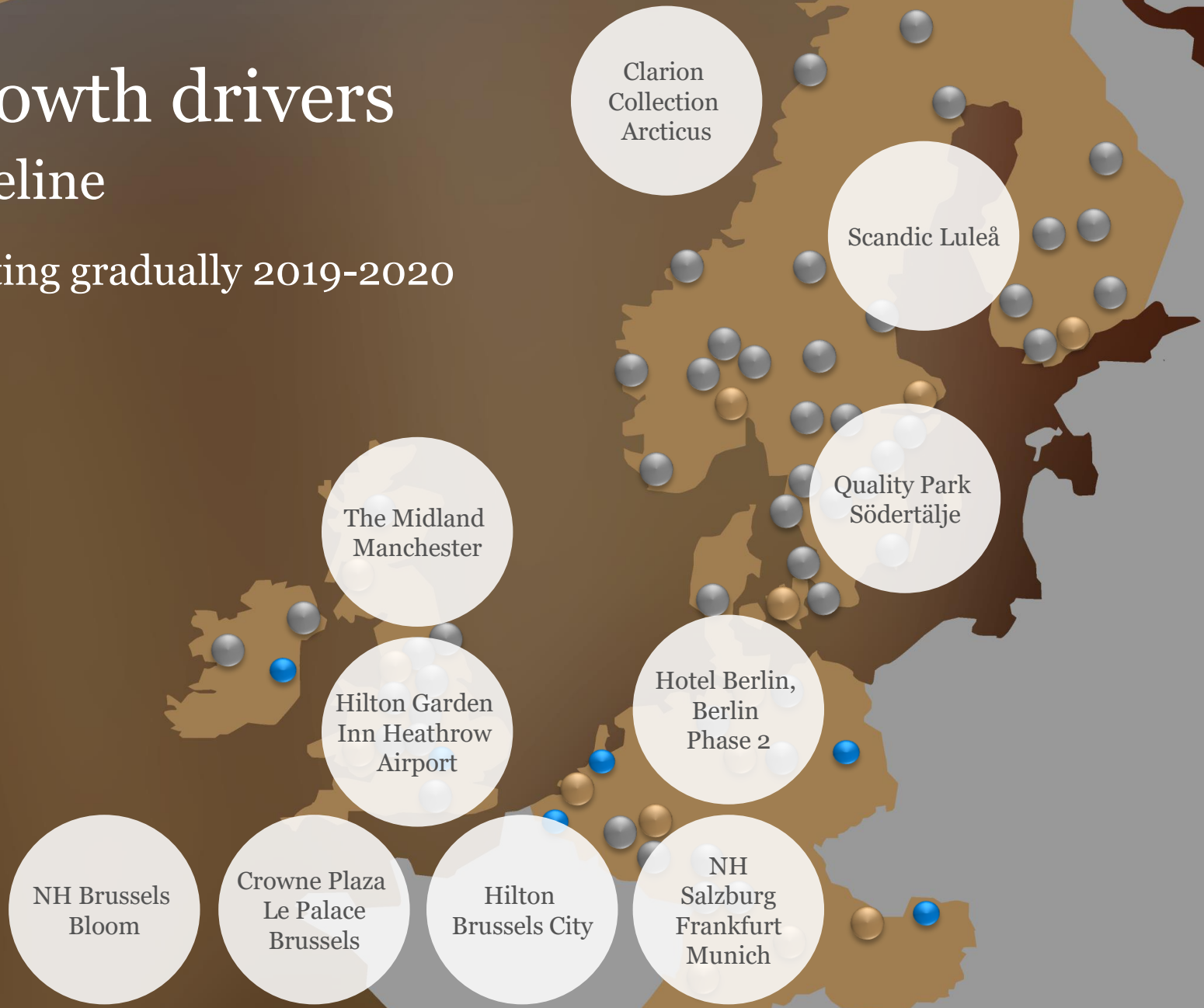
Vildmarks-
hotellet

Scandic
Rosendahl
Kramer
Kolding
S:t Jörgen

Approximately MSEK 500

Growth drivers Pipeline

Starting gradually 2019-2020





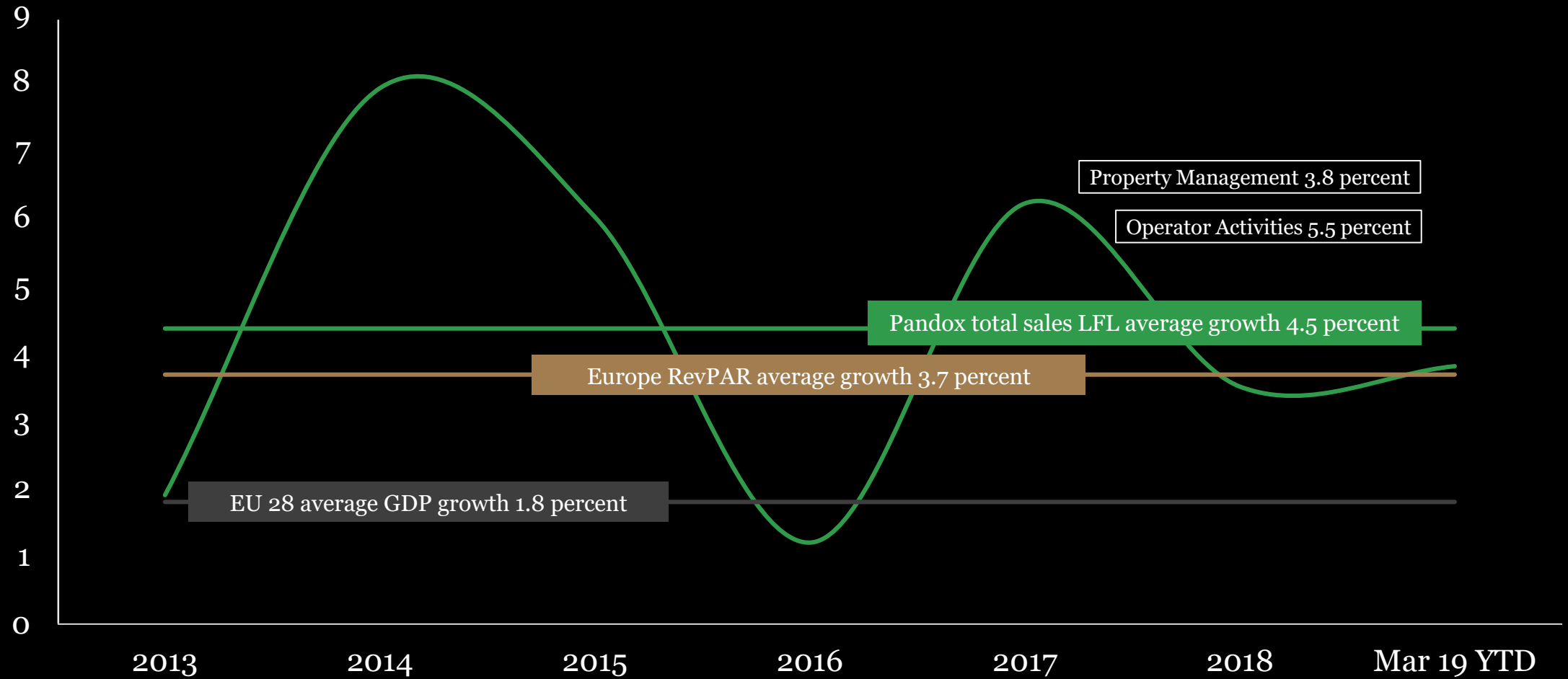


7

Conclusion

Liia Nõu

➤ Conclusion | Base growth



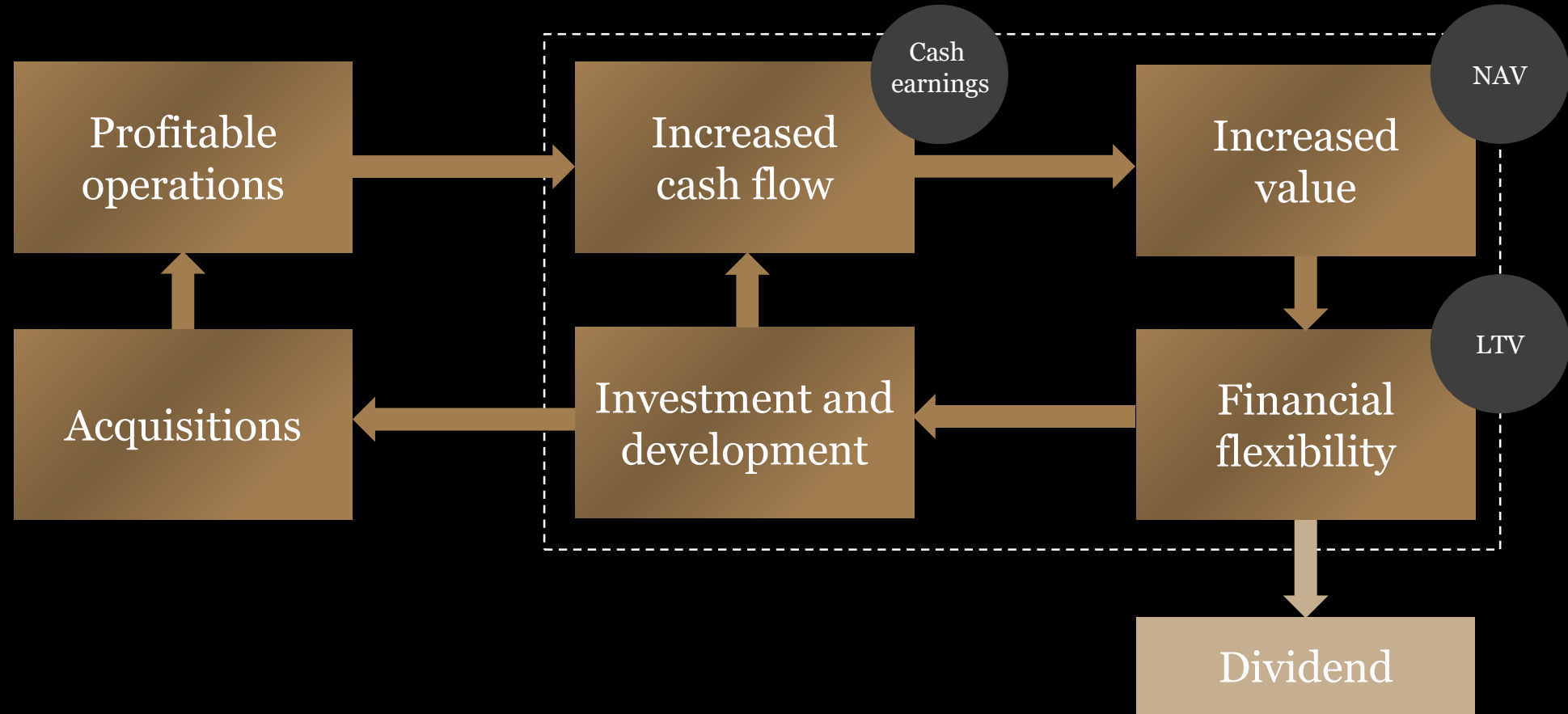
➤ Conclusion | Accelerated growth

Single-assets and
small portfolios

Large portfolios

➤ Conclusion | Proven model for value creation

Active ownership aimed at offering the most attractive platform for hotel operations



➤ Growth platform | Conclusion

- 1 Proven and profitable model for value creation
- 2 Conditions for base growth at least in line with the hotel market over the cycle
- 3 Good opportunities for accelerated growth supported by new acquisitions

8

Q&A



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