

Restarting from a strong position

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Carnegie
Real Estate
Seminar 2020

16 ▪ 09 ▪ 2020

Pandox™

Lobby @Scandic Kramer, Malmö



Strategic position

A well-diversified portfolio



Strategic position

A strong network of brands and partners



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

Q2 2020 in brief

A quarter to forget and remember

- Very weak quarter for the hotel market
- Market bottomed out April and gradually improved from May
- Domestic demand drives recovery
- Strengthened financial and liquidity position

1.6%

R12M

Return on equity²⁾

-60%

Apr-Jun 2020

Growth in total
net operating income¹⁾

-43%

Apr-Jun 2020

LFL growth in NOI
Property Management³⁾

MSEK 5,516

30 June 2020

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 NAV, including dividend and excluding proceeds from directed share issue, at annual rate

Q2 2020 in brief

COVID-19 effects on Pandox

- Very low demand due to COVID-19 and unprecedented government actions
- Some restrictions lifted in the end of Q2
- Minimum and fixed rent main source of income, also expected in Q3
- Full effect from cost reductions in Operator Activities throughout Q2
- Unrealised value changes in Q2 explained by lower cash flows 2020 and 2021
- Increase in trade account receivables reflecting new and temporary payment terms

Current revenue

Minimum and fixed rent

- Minimum rent and fixed rent main source of revenue
- Approximately MSEK 500 per quarter
- Agreements on temporary payment terms when possible and appropriate
- Rent collection progressing in line with temporary terms
- No reductions in hotel rents given
- Gradual rent support from revenue-based leases in Nordic

Property portfolio

Valuations based on established method

Value change

Change in value Investment Properties

	Figures in MSEK
Investment Properties, opening balance (January 1, 2020)	53,697
+ Acquisitions ¹⁾	704
+ Investments in current portfolio	329
- Divestments	—
+/- Reclassifications ²⁾	-739
+/- Revaluation of fixed assets to total comprehensive income for the period	—
+/- Unrealised changes in value	-931
+/- Realised changes in value	—
+/- Change in currency exchange rates	-773
Investment Properties, closing balance (June 30, 2020)	52,287

Change in value Operating Properties, reported for information purposes only

	Figures in MSEK
Operating Properties, market value (January 1, 2020)	9,772
+ Acquisitions ³⁾	-11
+ Investments in current portfolio	183
- Divestments	—
+/- Reclassifications ²⁾	739
+/- Unrealised changes in value	-629
+/- Realised changes in value	—
+/- Change in currency exchange rates	-82
Operating Properties, market value (June 30, 2020)	9,972

**-1.7%
YTD**

**-6.4%
YTD**

**-2.5%
YTD**

1) Refers to acquisition of a hotel property in Germany of MSEK 649, of complementing premises to Jurys Inn Cardiff and adjustments of previously completed acquisitions.

2) Refers to reclassification of two hotel properties in Denmark from Property Management to Operator Activities

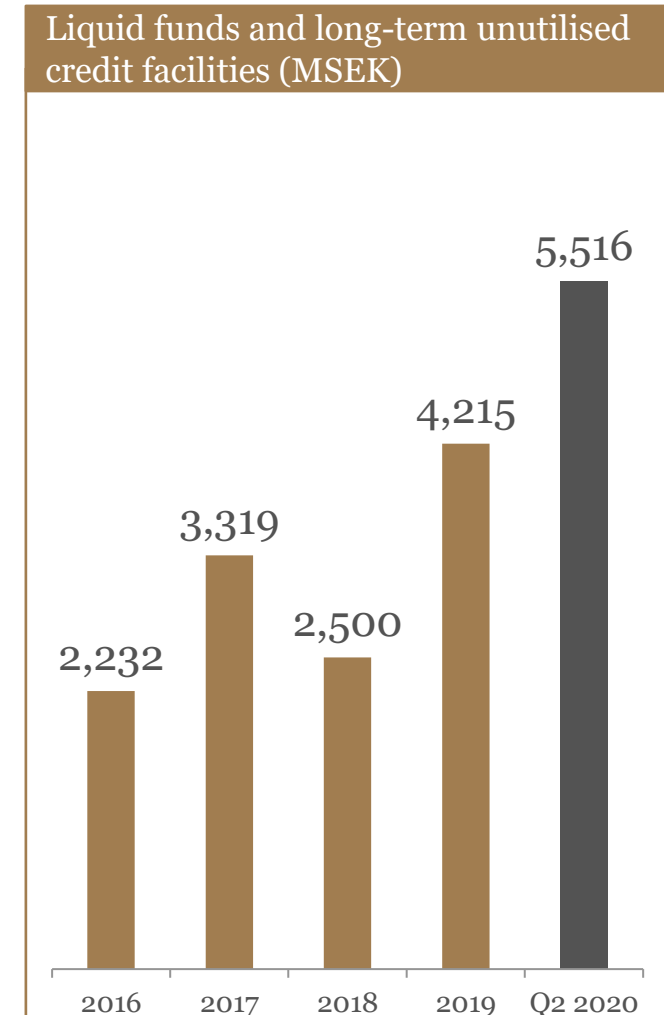
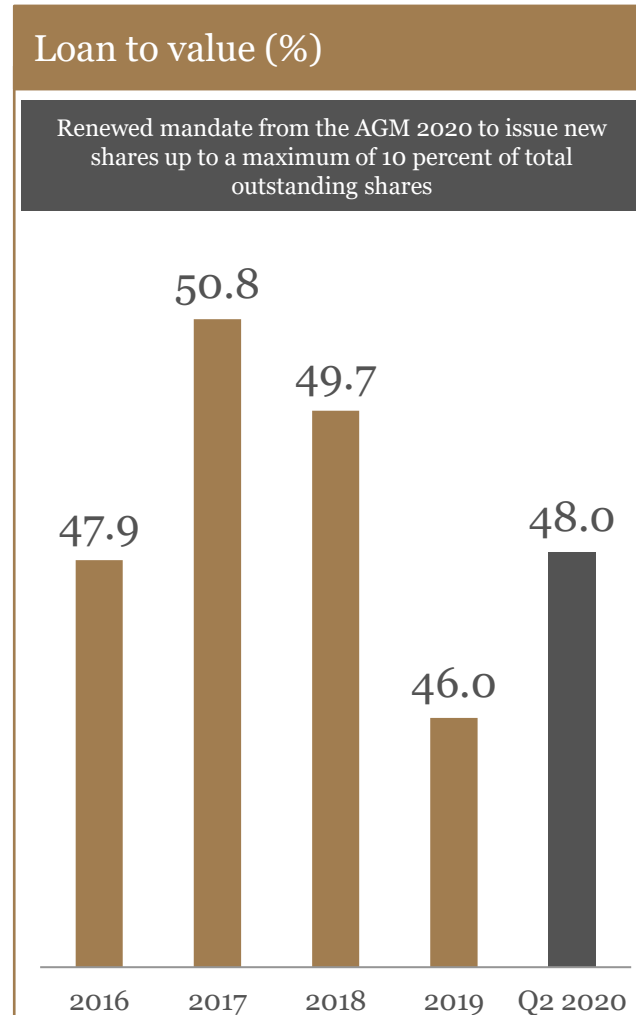
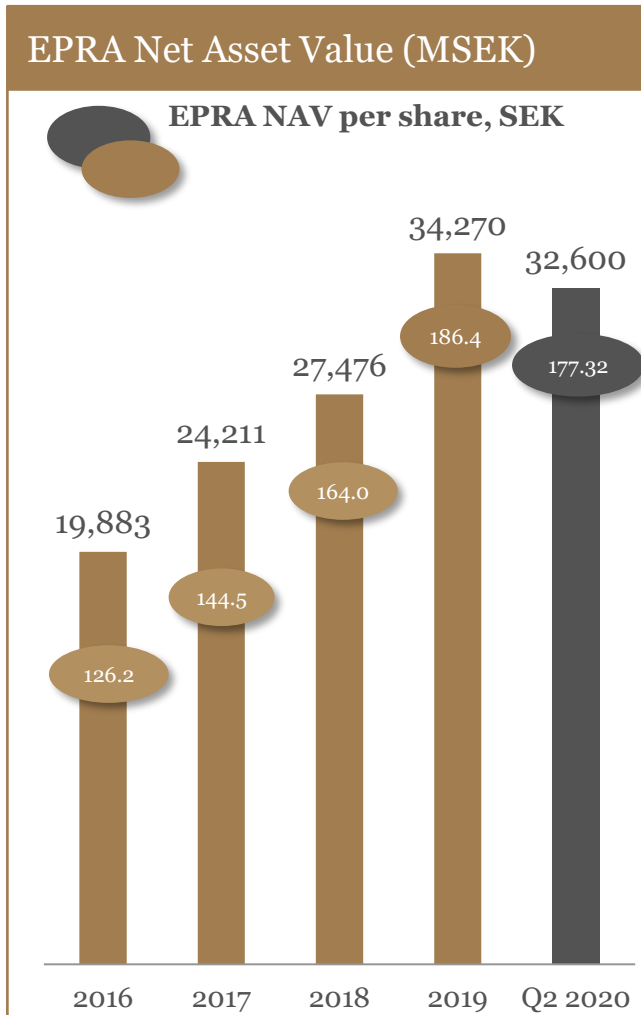
3) Refers to adjustment of Novotel Hannover (MSEK -9) and Novotel Den Haag World Forum (MSEK -2)

Comments per 30 June, 2020

- Total property portfolio market value amounted to MSEK 62,259 (63,469)
- Average valuation yield for Investment Properties was 5.42 (5.41) percent and for Operating Properties 6.39 (6.41) percent
- Valuations in the second quarter 2020 made according to same method and model used since the IPO 2015
- No external valuations made in the second quarter 2020 due to practical limitations due to COVID-19, among other things
- Downward adjustments due to lower cash flows 2020 and 2021 as a direct result of COVID-19
- Transaction evidence missing and yields currently difficult to establish
- Yield and cash flow expected to be estimated with greater precision in the coming quarters

Financial position

Financing and capital structure



Pandox and COVID-19

Three focus areas

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

Hotel market development levels...

...to get back to full performance



Demand recovery

Recovery in different phases

1.

The bottom (April-May)

- Total lockdown in most countries
- Demand bottom in the end of April with slight recovery from May
- Occupancy in Europe between 5 – 25 percent

2.

Summer (May-August)

- Restrictions start to ease – domestic travel allowed
- Domestic individual leisure returned immediately
- Good trend in Nordic (40 percent occupancy), Germany and the Netherlands
- UK will follow

Demand recovery

Recovery in different phases

3.

Autumn and year-end

- Given no second wave, and restrictions gradually easing:
 - Hotel market in Q4 indicatively at 25 – 55 percent occupancy
 - Supported by longer leisure period and business domestic will return
- First pick-up in meeting in international travel
- Economy-, midscale and resort hotels are winners

Trendspotting 2020

General comments

- At the moment, demand recovers faster than outlook in Q1 2020 report
 - Supported by current trend and development in markets ahead of Europe (China)
- Low F&B activity in hotels
- Focus on hygiene, cleanliness and safety
- More digital solutions for contactless and cashless services
- Rates relatively stable per segment, but down because of sales mix
- At this stage, Pandox don't see new consumer trends that change the fundamentals of the hotel market...
- ...what's holding back consumers are government restrictions

A look ahead and Pandox position

- Indicative occupancy of 30 – 60 percent possible in the first half of 2021
- Supported by stable domestic leisure and business...
- ...and a stronger pick-up in international travel and meetings
- Pandox has a clear game plan: *Respond, Restart, Reinvent...*
- ...and a strong financial and liquidity position

Hotel market development levels... ...current state





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