

A time for forward thinking

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Q4 2020
presentation

11 ▪ 02 ▪ 2021

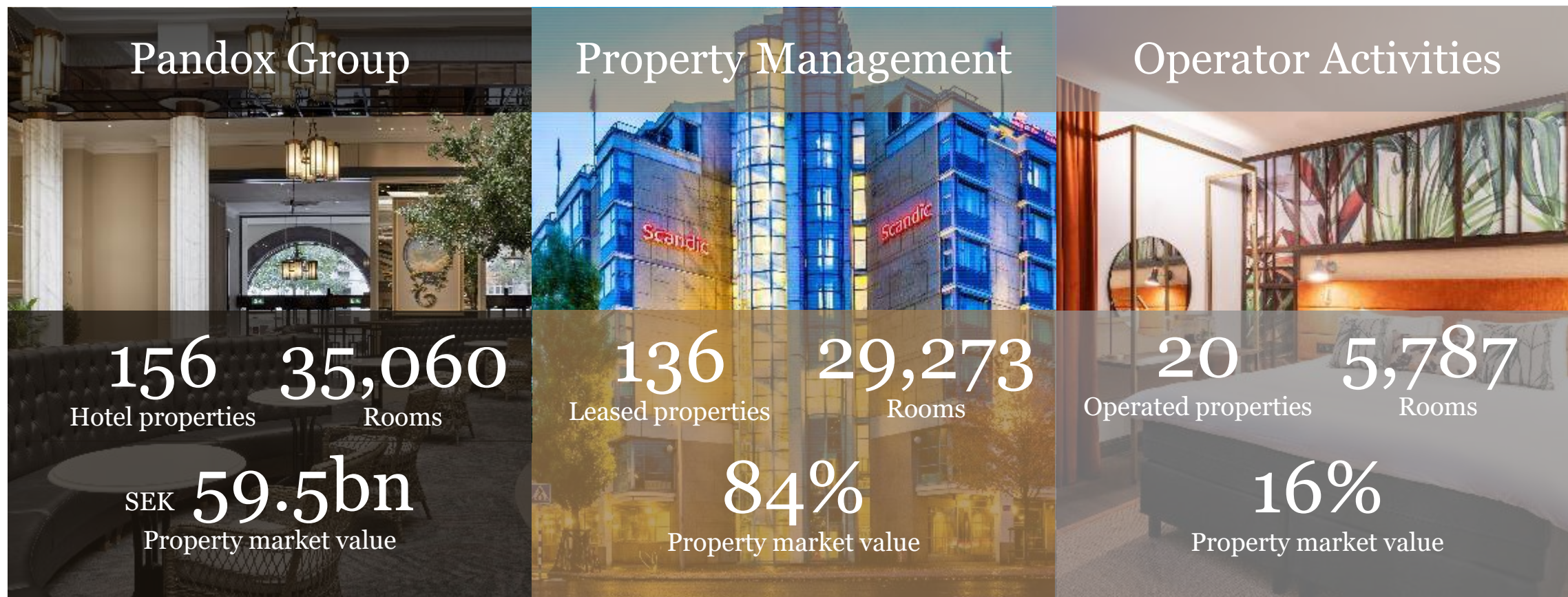
Pandox™

New interior @Midland Manchester



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.

Q4 2020 in brief

New restrictions, lower demand

- Promising start in the quarter...
- ...but new restrictions led to gradually lower demand
- Profitable and cash flow positive
- Continued strong financial and liquidity position

-10%

R12M

Return on equity²⁾

-53%

Oct-Dec 2020

Growth in total
net operating income¹⁾

-26%

Oct-Dec 2020

LFL growth in NOI
Property Management³⁾

MSEK **5,221**

31 Dec 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

Q4 2020 in brief

COVID-19 effects on Pandox

- Reduced demand due to renewed COVID-19 related restrictions
- Minimum and fixed rent main source of income (also expected in Q1)
- Unrealised value changes explained by lower anticipated cash flows
- Increase in trade account receivables reflecting new and temporary payment terms

Current revenue

Diversified revenue base

- Revenues from different operational models and geographies
- Minimum rent and fixed rent main source of revenue
 - Approximately MSEK 500 per quarter
 - Revenue-based rents of MSEK 48 in Q4 and MSEK 249 in FY 2020
- Rent collection progressing in line with temporary payment terms
- No reductions in hotel rents given
- Revenues from Operator Activities of MSEK 117 in Q4

Property portfolio

Valuations based on established method

Value change

Change in value Investment Properties

	Figures in MSEK
Investment Properties, opening balance (1 January 2020)	53,697
+ Acquisitions ¹⁾	693
+ Investments in current portfolio	492
- Divestments	—
+/- Reclassifications ²⁾	-739
+/- Revaluation of fixed assets to total comprehensive income for the period	—
+/- Unrealised changes in value	-1,779
+/- Realised changes in value	—
+/- Change in currency exchange rates	-2,183
Investment Properties, closing balance (31 December 2020)	50,181

Change in value Operating Properties, reported for information purposes only

	Figures in MSEK
Operating Properties, market value (1 January 2020)	9,772
+ Acquisitions ³⁾	-4
+ Investments in current portfolio	406
- Divestments	—
+/- Reclassifications ²⁾	739
+/- Unrealised changes in value	-1,014
+/- Realised changes in value	—
+/- Change in currency exchange rates	-538
Operating Properties, market value (31 December 2020)	9,361

- 1) Refers to acquisition of a hotel property in Germany of MSEK 639, 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 -2) and Novotel Den Haag World Forum (MSEK -2)

-3.3%
YTD

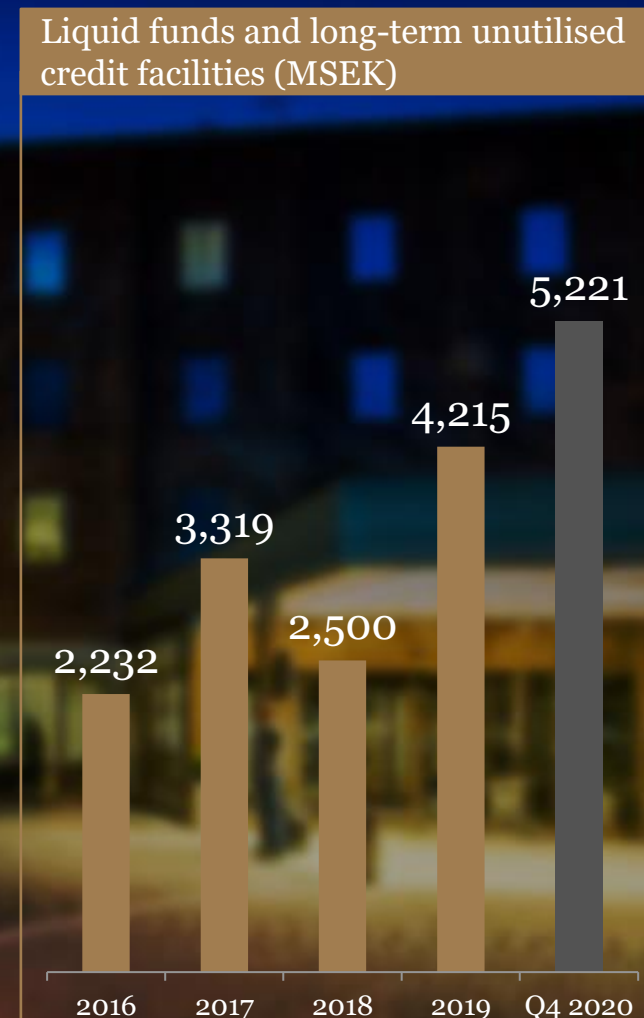
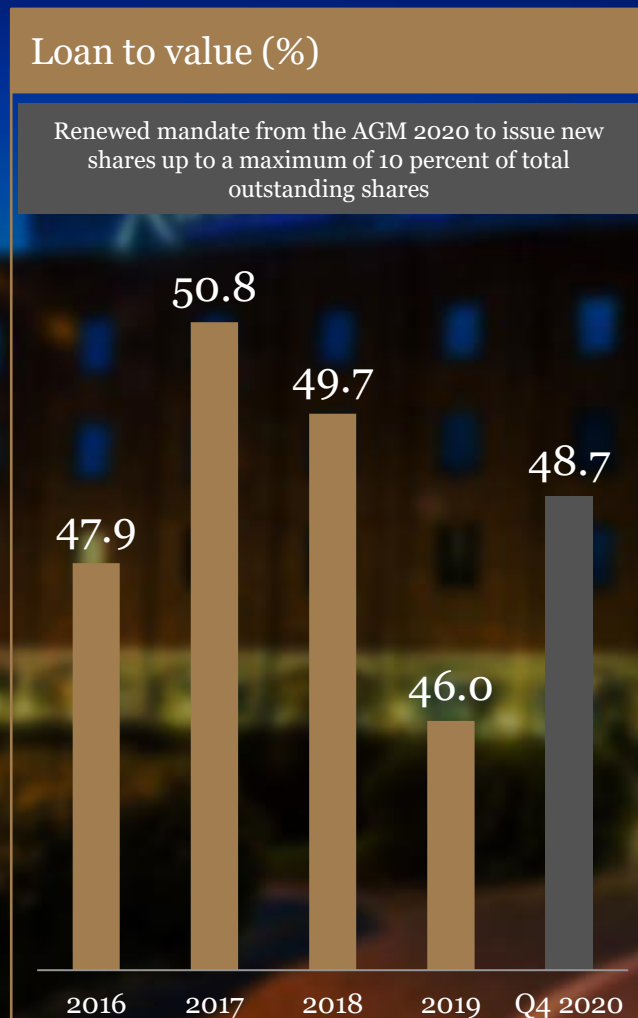
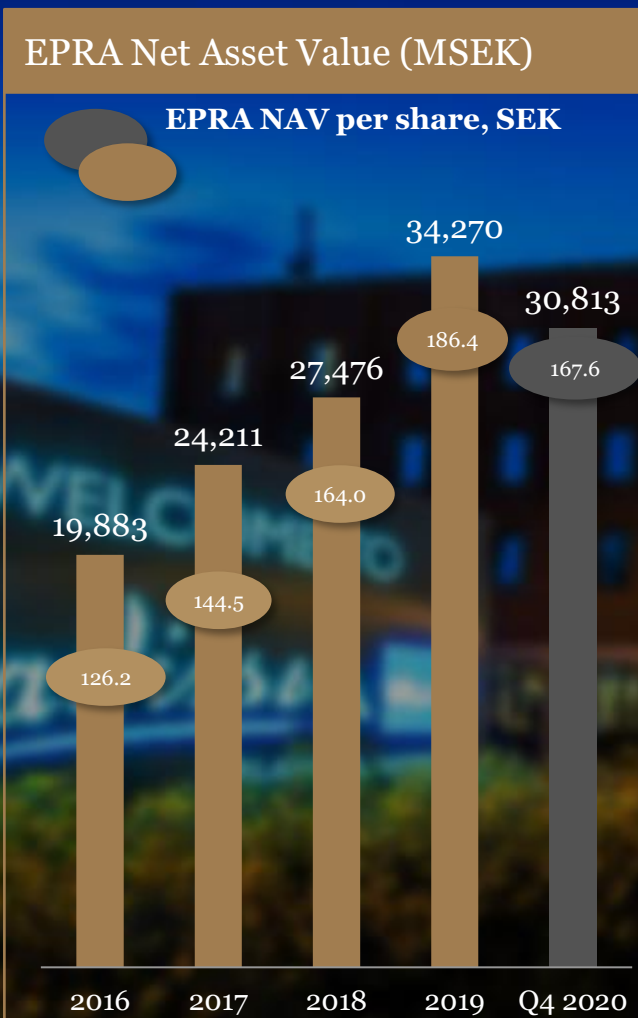
-10.4%
YTD

-4.8% YTD

Comments per 31 December, 2020

- Valuations made according to same method and model used since the IPO 2015
- Downward adjustments due to lower anticipated cash flows, mainly as a result of COVID-19
- Conclusive transaction evidence for yields still missing
- Yields and cash flow expected to be estimated with greater precision in the coming quarters
- Due to COVID-19, only some 60 external valuations were completed during 2020
- External valuations are on average some 6 percent below Pandox's internal valuations, but exhibit large dispersion both within and between markets
- Total property portfolio market value amounted to MSEK 59,542 (63,469)
- Average valuation yield for Investment Properties was 5.44 (5.41) percent and for Operating Properties 6.37 (6.41) percent

Financing and capital structure



Three focus areas

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

Market update

Gaining new insights into the recovery

- Recap: Hotel market development 2020
- Show: Demand segments in Pandox's portfolio
- Explore: Hotel markets outside Europe and their drivers of recovery
- New insights: Into the recovery

Six development levels...

...to get back to full performance



COVID-19 strikes and everything stops

- COVID-19 arrives to Northern Europe in March 2020
- Societies closed down and travel restrictions were implemented
- The hotel market bottoms out in April
- When restrictions were lifted in June/July the recovery starts

Summer holiday recovery

- During the summer demand increases quite rapidly in Europe
- Domestic leisure is the main driver
- After the vacation period leisure demand remains stable on weekends
- Domestic businesses begin to travel with first signs of smaller meetings

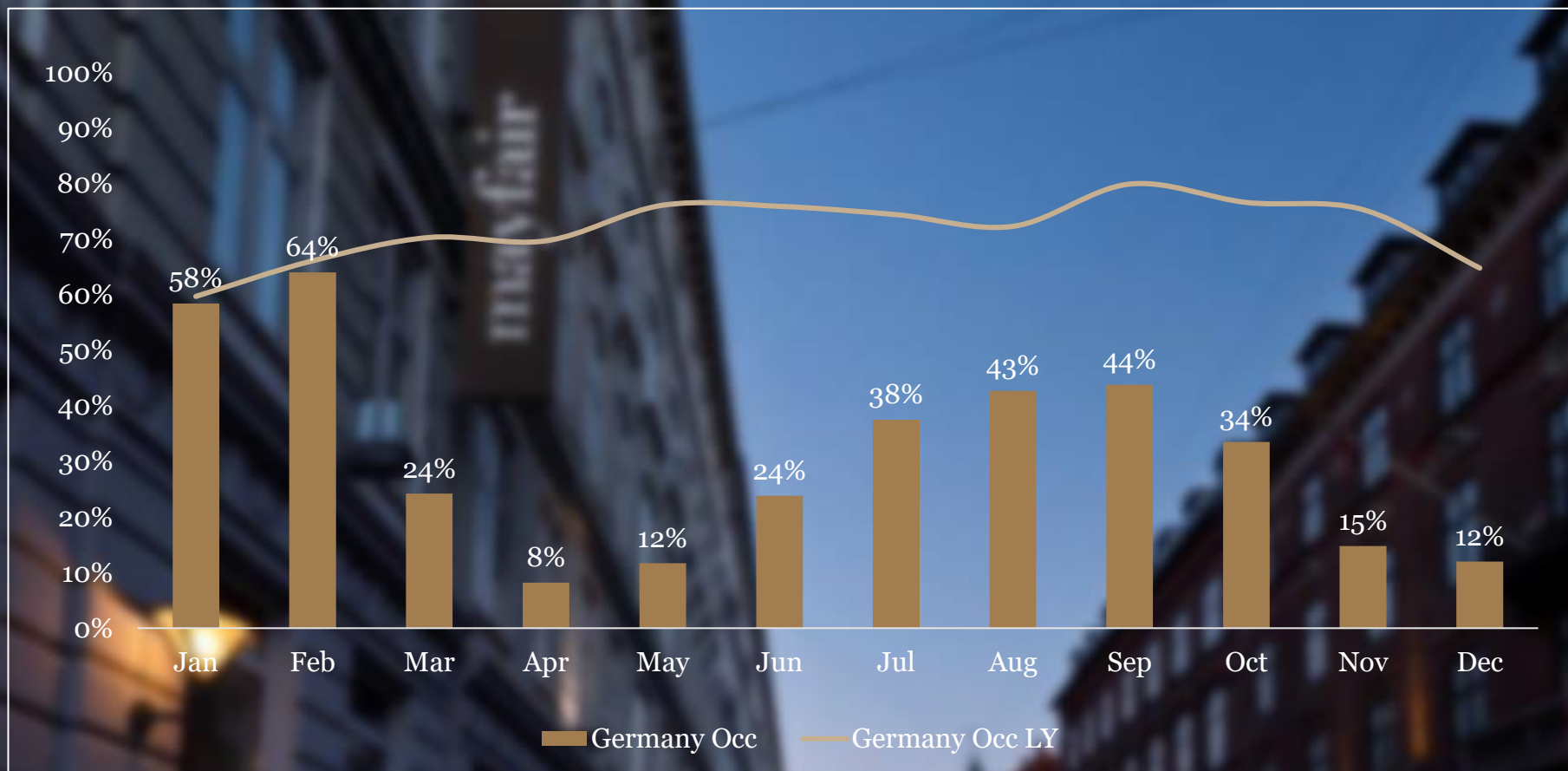
Early autumn plateau

- In September occupancy is 45-55 percent in most of Pandox's domestic markets
- Up to this point, the recovery is faster than many had expected
- However, demand in larger and more international cities remain weak

Second wave brings new restrictions

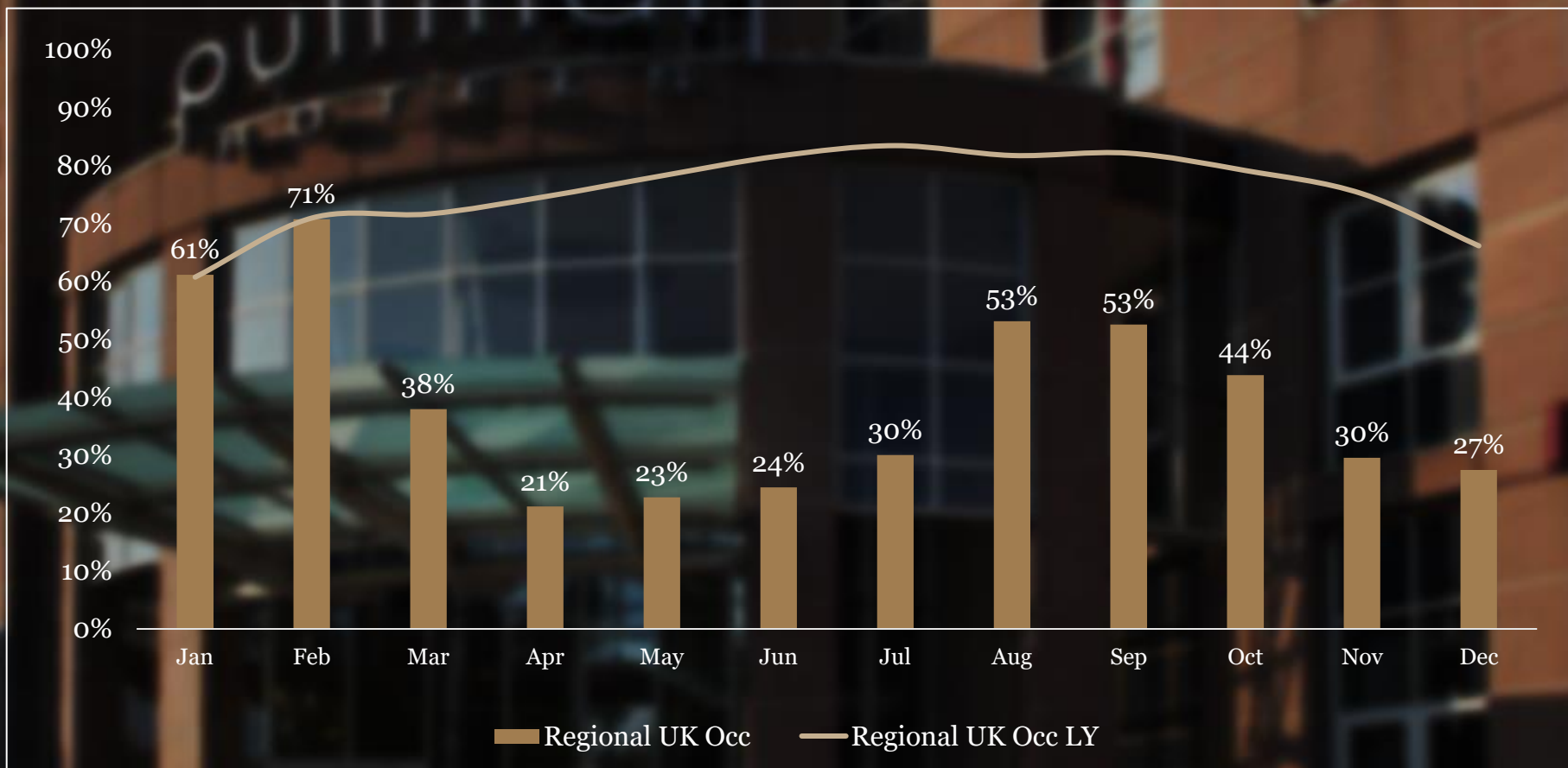
- In October new restrictions are implemented due to “second wave” infections
- It becomes more difficult to operate hotels again
- Demand decreases substantially across all segments

Germany: Occupancy 2020



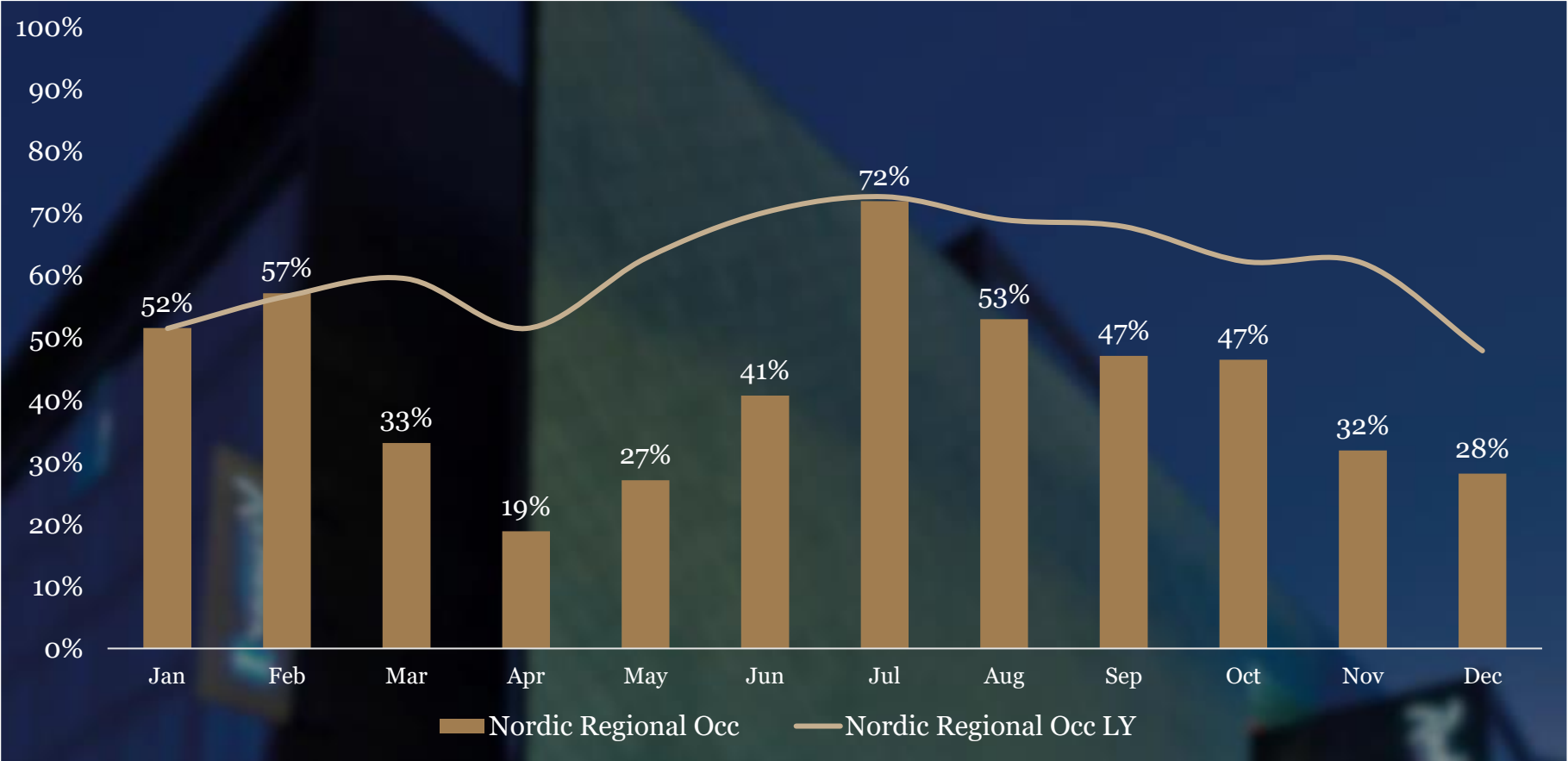
Source: STR (reporting basis)

Regional UK: Occupancy 2020



Source: STR (reporting basis)

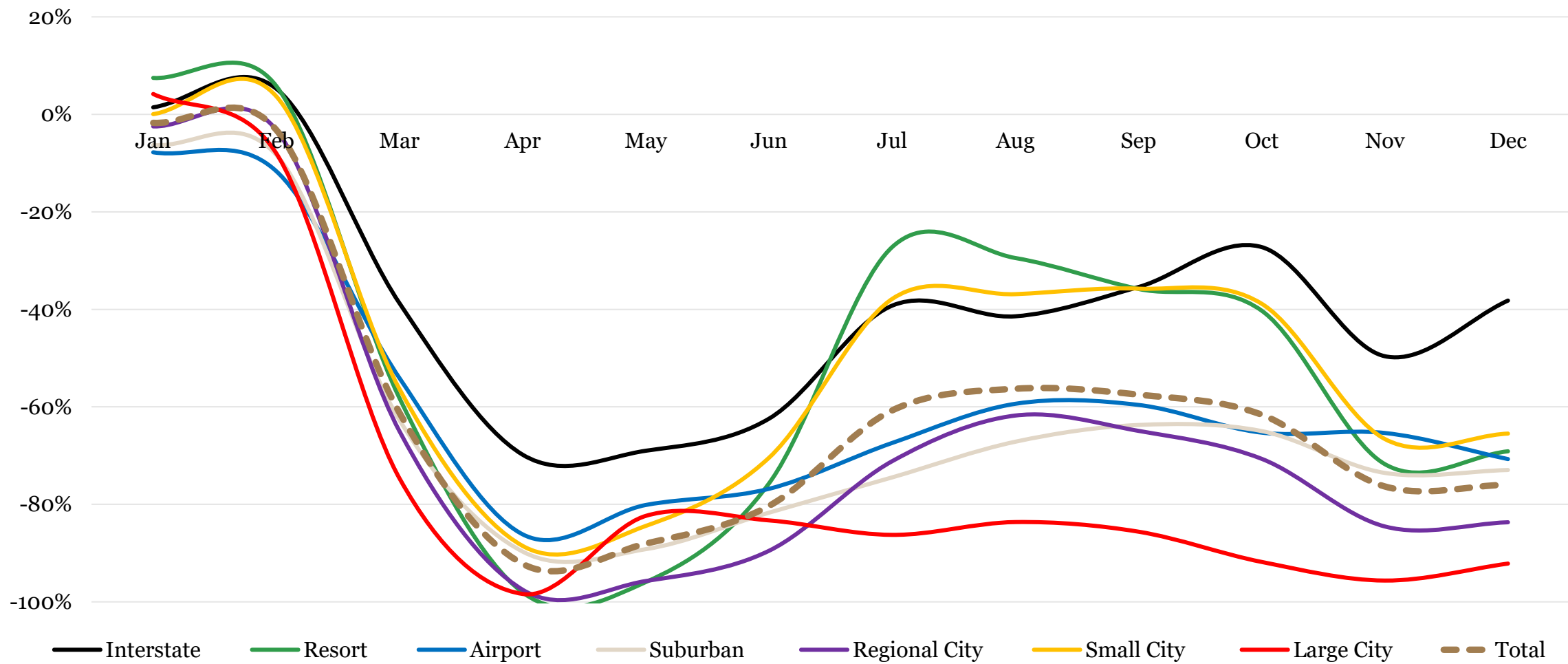
Nordic regional: Occupancy 2020



Source: Benchmarking Alliance

Demand segments in Pandox's portfolio

Occupancy performance 2020



Source: Pandox

Hotel markets outside Europe and their drivers of recovery

Looking at markets ahead of Europe



China



New Zealand



Australia



India

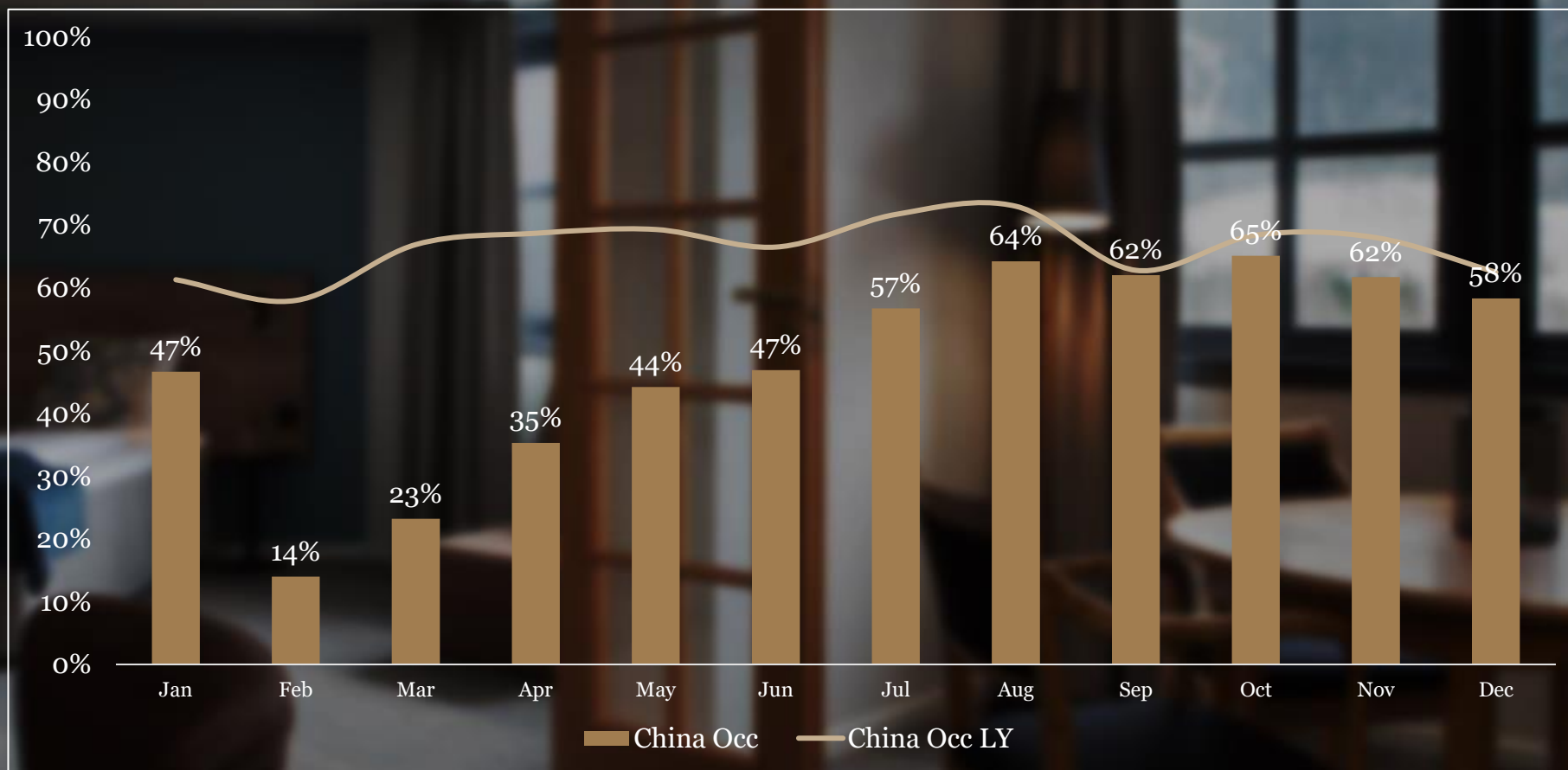
Hotel markets outside Europe and their drivers of recovery

Why are they relevant?

- Well ahead of Europe in their recovery
- Well-developed with many different segments
- Mix of domestic and international brands
- Considerable inbound and outbound travel

Hotel markets outside Europe and their drivers of recovery

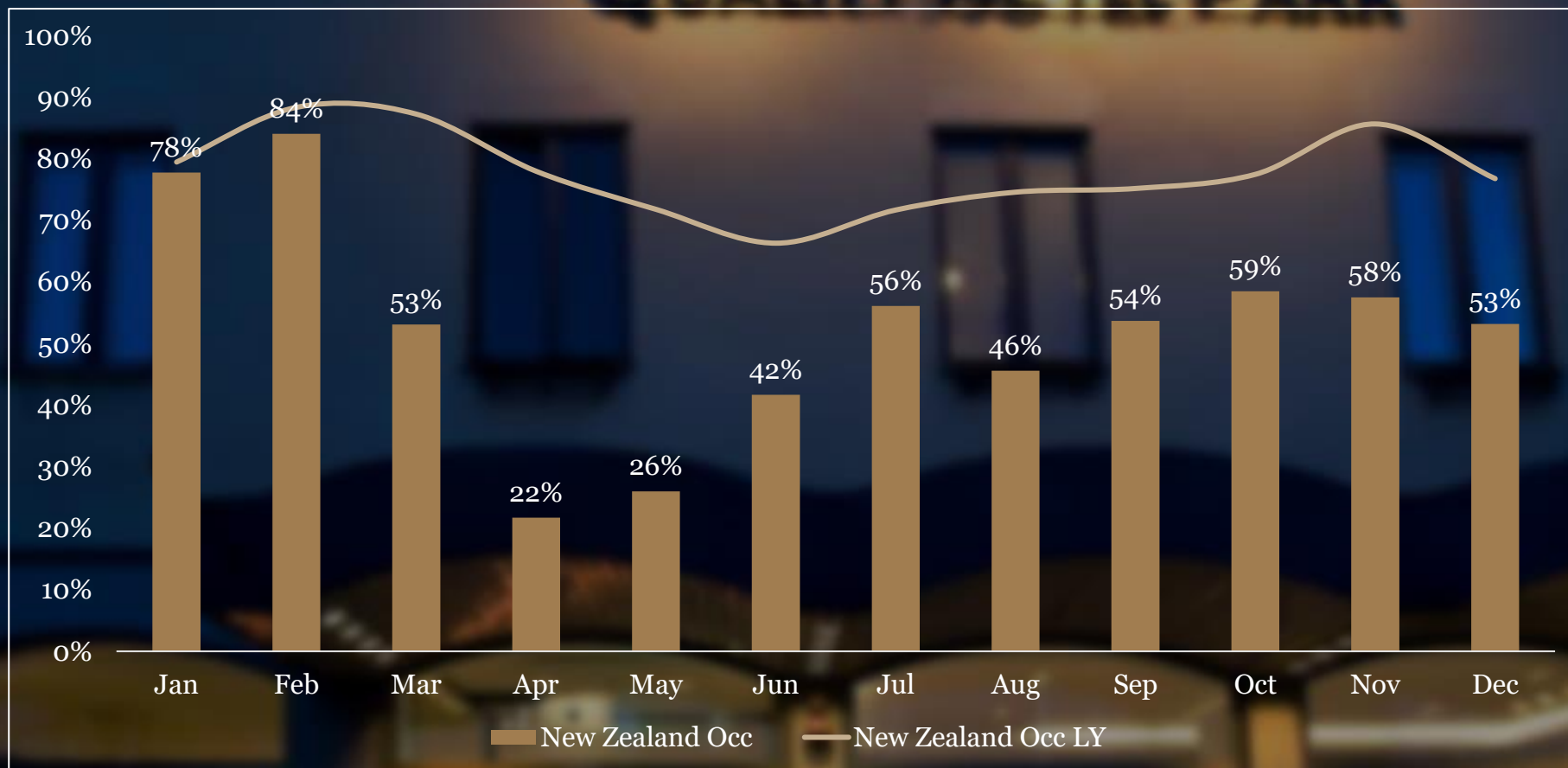
China: Occupancy 2020



Source: STR (reporting basis)

Hotel markets outside Europe and their drivers of recovery

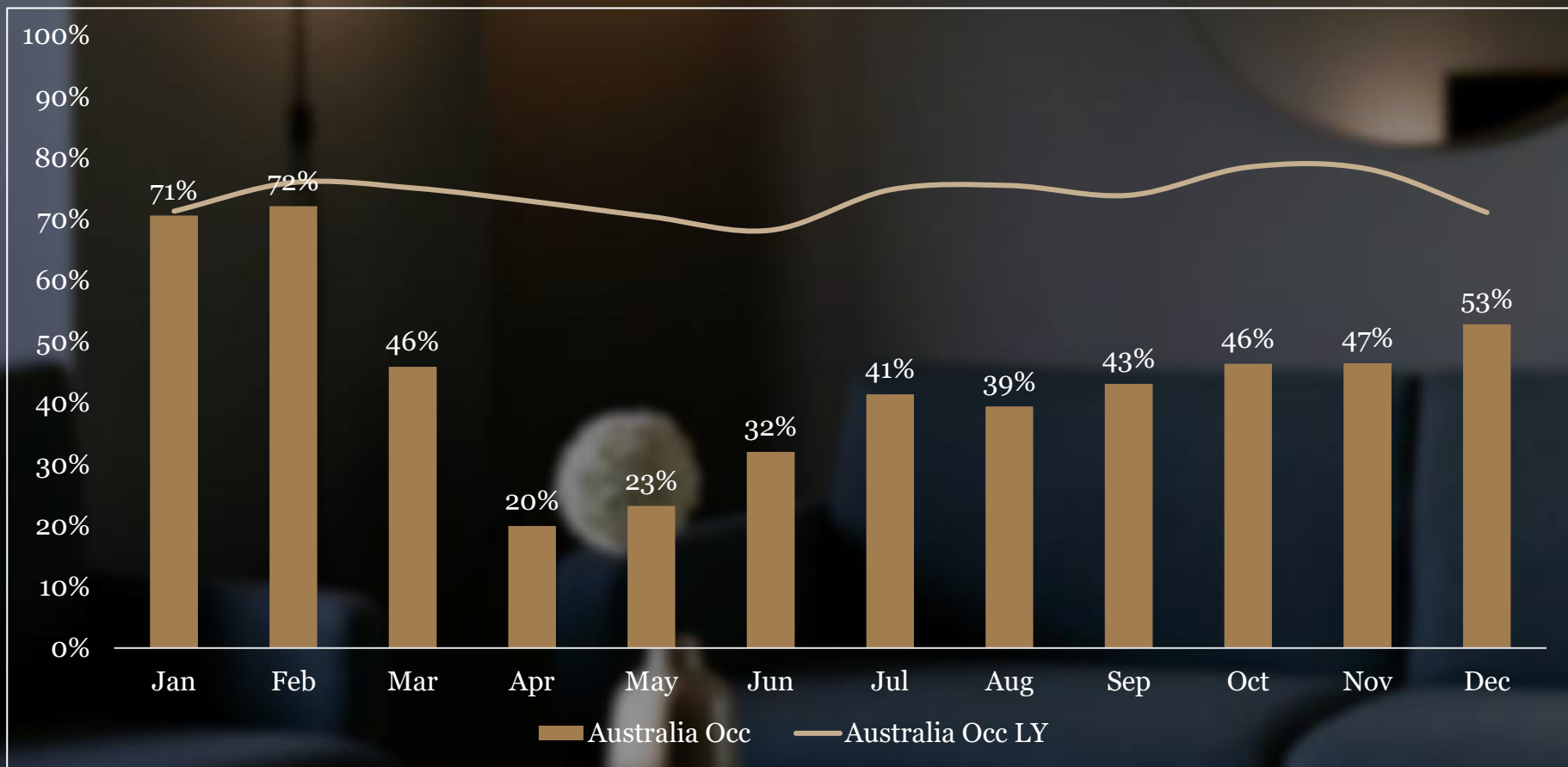
New Zealand: Occupancy 2020



Source: STR (reporting basis)

Hotel markets outside Europe and their drivers of recovery

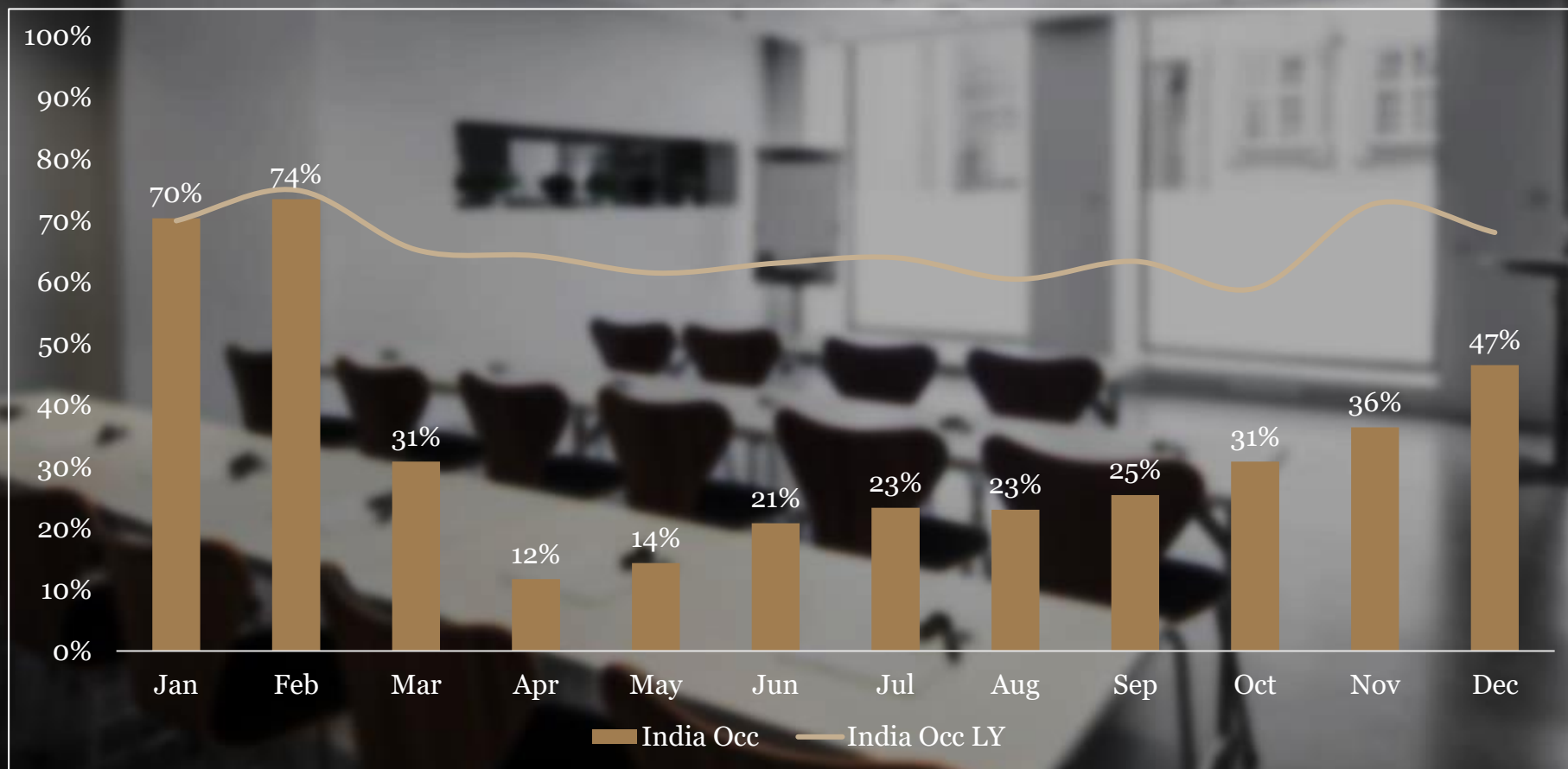
Australia: Occupancy 2020



Source: STR (reporting basis)

Hotel markets outside Europe and their drivers of recovery

India: Occupancy 2020



Source: STR (reporting basis)

It all depends on the restrictions

- Q1: demand will be low due to ongoing restrictions
- Q2: given successful vaccinations and reduced restrictions...
 - ...demand will return in stages with individual leisure returning first*
 - ...followed by domestic business travel by small and mid-sized companies*
 - ...strong recovery in domestic markets*
- Summer could be a bomb?
- The period after the summer could be exciting...
 - ...with meetings and first signs of international travel*



Q&A

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