

# A clear game plan in a difficult situation

Anders Nissen, CEO  
Lia Nõu, CFO

Morgan  
Stanley

18 ▪ 06 ▪ 2020

Pandox™

Lobby @Radisson Blu Hotel, 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

Strategic position

# A well-diversified portfolio



Including reclassification to Operator Activities of two hotel properties in Copenhagen, announced 2 April 2020.

Strategic position

# A pan-European position



Size and scale

Geographical presence

Partner network

Portfolio composition

Stakeholder recognition

Strategic position

# Good geographical balance

2.1%

18.7%

39.7%

39.6%

- ✓ 15 countries
- ✓ 90 destinations
- ✓ >30 brands and partners

Strategic position

# A strong network of brands and partners



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

Q1 2020 in brief

# A quarter with two faces

- Positive start of the year with a stable growth in January and February
- Historic demand collapse in March, due to COVID-19 and unprecedented government actions
- Occupancy rates between 5-25 percent from mid-March across Europe

10%

R12M

Return on equity<sup>2)</sup>

-14%

Jan-Mar 2020

Growth in total  
net operating income<sup>1)</sup>

-12%

Jan-Mar 2020

LFL growth in NOI  
Property Management<sup>3)</sup>

-78%

Jan-Mar 2020

LFL growth in NOI  
Operator Activities<sup>3)</sup>

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

3) For comparable units adjusted for currency effects



Q1 2020 in brief

# COVID-19 effects on Pandox

- Very low demand due to COVID-19 and unprecedented government actions
- Currently, minimum and fixed rent main source of income
- Currently, Operator Activities at minimum capacity with almost no revenue
- Cost base now largely at par with minimum and fixed rent
- Pandox has taken part of government support within Operator Activities
- Negative unrealised value changes in Q1 explained by lower cash flows 2020
- Substantially larger negative earnings effect expected in Q2 2020

Current revenue

# Minimum and fixed rent

- Minimum rent and fixed rent main source of revenue
- Approximately MSEK 500 per quarter
- Minimum rent higher in Europe, lower in the Nordics
- Discussions about temporary payment terms when possible
- No changes in lease agreements
- Rent payments on track

## 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 <sup>1)</sup>	697
+ Investments in current portfolio	139
- Divestments	—
+/- Reclassifications	—
+/- Revaluation of fixed assets to total comprehensive income for the period	—
+/- Unrealised changes in value	-611
+/- Realised changes in value	—
+/- Change in currency exchange rates	1,435
<b>Investment Properties, closing balance (March 1, 2020)</b>	<b>55,357</b>

Change in value Operating Properties, reported for information purposes only

	Figures in MSEK
Operating Properties, market value (January 1, 2020)	9,772
+ Acquisitions <sup>2)</sup>	-8
+ Investments in current portfolio	99
- Divestments	—
+/- Reclassifications	—
+/- Unrealised changes in value	-347
+/- Realised changes in value	—
+/- Change in currency exchange rates	472
<b>Operating Properties, market value (March 31, 2020)</b>	<b>9,988</b>

**-1.1%  
YTD**

**-3.6%  
YTD**

**-1.5%  
YTD**

<sup>1)</sup> Refers to acquisition of Maritim Hotel Nürnberg in Germany of MSEK 648 and of complementing premises to Jurys Inn Cardiff.

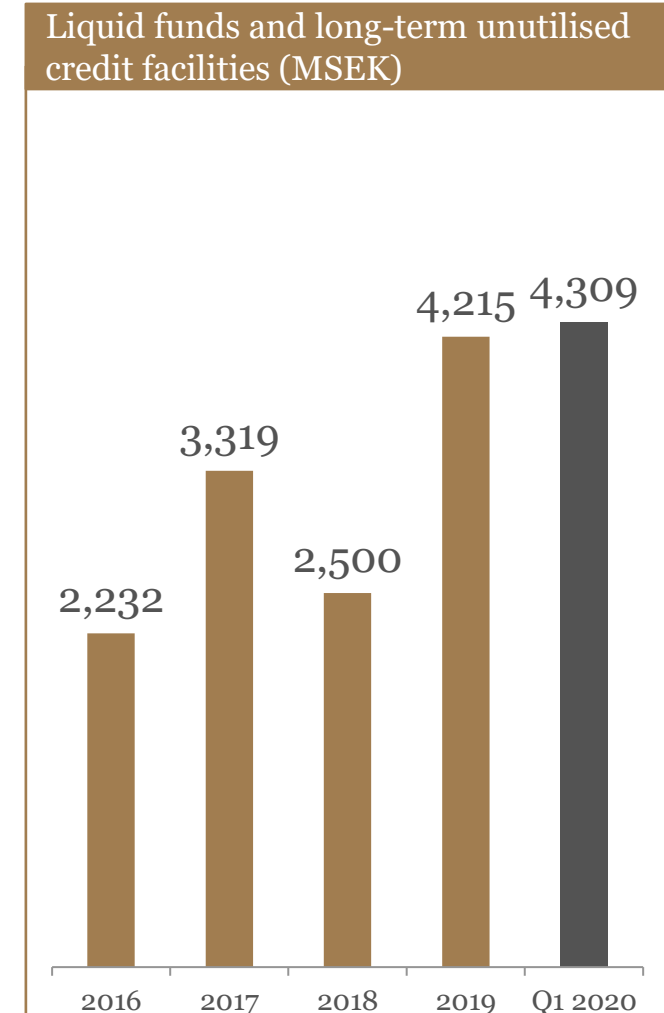
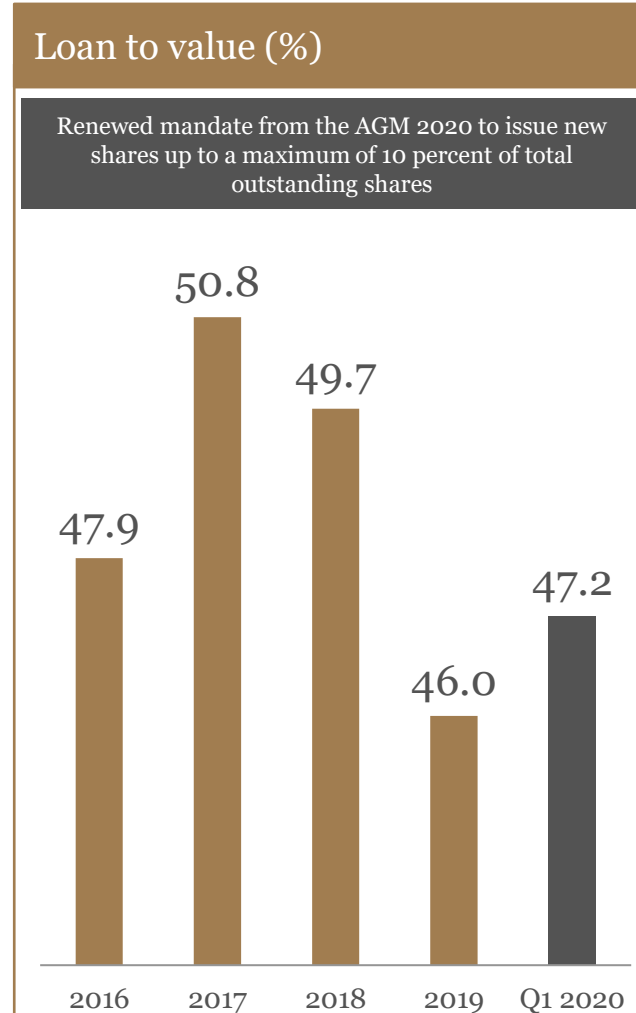
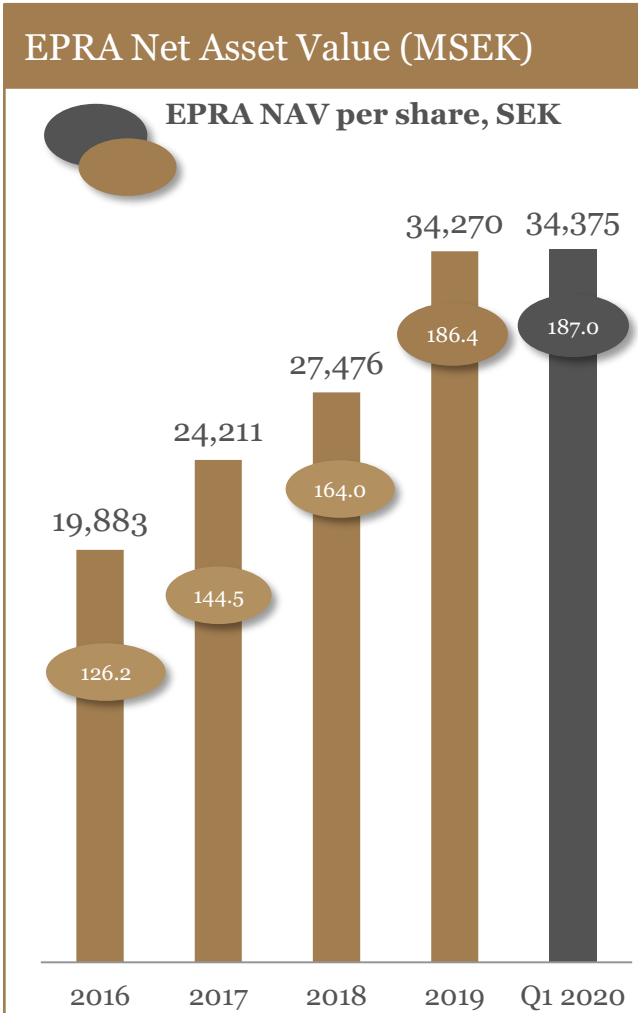
<sup>2)</sup> Refers to adjustment of Novotel Hannover (MSEK -5) and Novotel Den Haag World Forum (MSEK -3).

### Comments per 31 March, 2020

- Total property portfolio market value amounted to MSEK 65,345 (63,469)
- Average valuation yield for Investment Properties was 5.42 (5.41) percent and for Operating Properties 6.40 (6.41) percent
- Valuations in the first quarter 2020 made according to same method and model used since the IPO 2015
- No external valuations made in the first quarter 2020 due to practical limitations due to COVID-19, among other things
- Downward adjustments due to lower cash flows 2020 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?

Respond

# Five priorities

1

## Liquidity – Cash is king!

- Operating costs, capex and investments have been reduced
- SEK 4.3 billion in liquid funds and unutilised credit facilities
- Close and constructive dialogue with business partners on temporary payment changes when possible
- Close and constructive dialogue with lenders on refinancing, new financing and adjustment of conditions in existing credit agreements taking COVID-19 into consideration

2

## Earnings – Minimise losses!

- Annual contractual minimum rent of approximately MSEK 2,000 – corresponding to MSEK 500 per quarter – and cost base now largely at the same level

Respond

# Five priorities

3

## Business – Stay alive!

- Keeping hotels open with limited service gives several advantages:

*Contact with local market*

*Easier to manage the property*

*First on the frontlines when activities start up again*

*Only marginal higher cost compared to have hotels closed*

4

## Properties – Protect the asset!

- Pandox is ready to act to protect the asset by taking over operations when necessary

5

## Leadership – Keep up the spirit!

- Open, active and visible leadership

Restart

# Plan for the recovery

- The hotel market has hit bottom and we are waiting for the world to open again
- The recovery will come in phases
- First green shoots in June-July
- Domestic and regional demand from leisure and business will lead the recovery
- Occupancy in Europe of around 40 percent towards the end of the fourth quarter
- Economy and mid-market hotels – easily reached by car or train – are the winners



Reinvent

# What's next?

- Demand from domestic leisure has started to improve from low levels
- Demand from domestic business will follow, where mid-market hotels easily accessible by car/train will be winners
- Air bound premium and meeting hotels will be losers
- Meeting segment to gradually recover when restrictions eases
- Large meetings, sports and cultural events will take time to recover (vaccine)
- Occupancy across Europe around 40 percent in Q4 2020
- Price levels are currently stable
- All changes creates new opportunities and Pandox is in a good position





Head office  
Pandox AB (publ)  
Box 15  
SE-101 20 Stockholm  
Sweden

Visiting address  
Vasagatan 11  
Stockholm  
Sweden

Tel: +46 8 506 205  
[www.pandox.se](http://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.

