

SEB Real Estate Seminar

# Strong result in a strong hotel market

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25 November 2022



Quarter in brief

# Our strongest quarter so far

- Strong growth in a restriction-free quarter
  - Return to normal seasonal pattern and business mix
  - Increased revenue-based rent and improvements in own operations
- Substantial earnings improvement
  - Confirms the power of Pandox's business model
- Strong financial position
  - Loan-to-value of 47.1 percent
  - Financing through banks only

Strategic position

# A well-diversified portfolio

## Pandox Group

**157**  
Hotel properties

**35,490**  
Rooms

SEK **68.3**<sup>bn</sup>  
Property market value

## Property Management

**135**  
Leased properties

**29,160**  
Rooms

**81%**  
Property market value

## Operator Activities

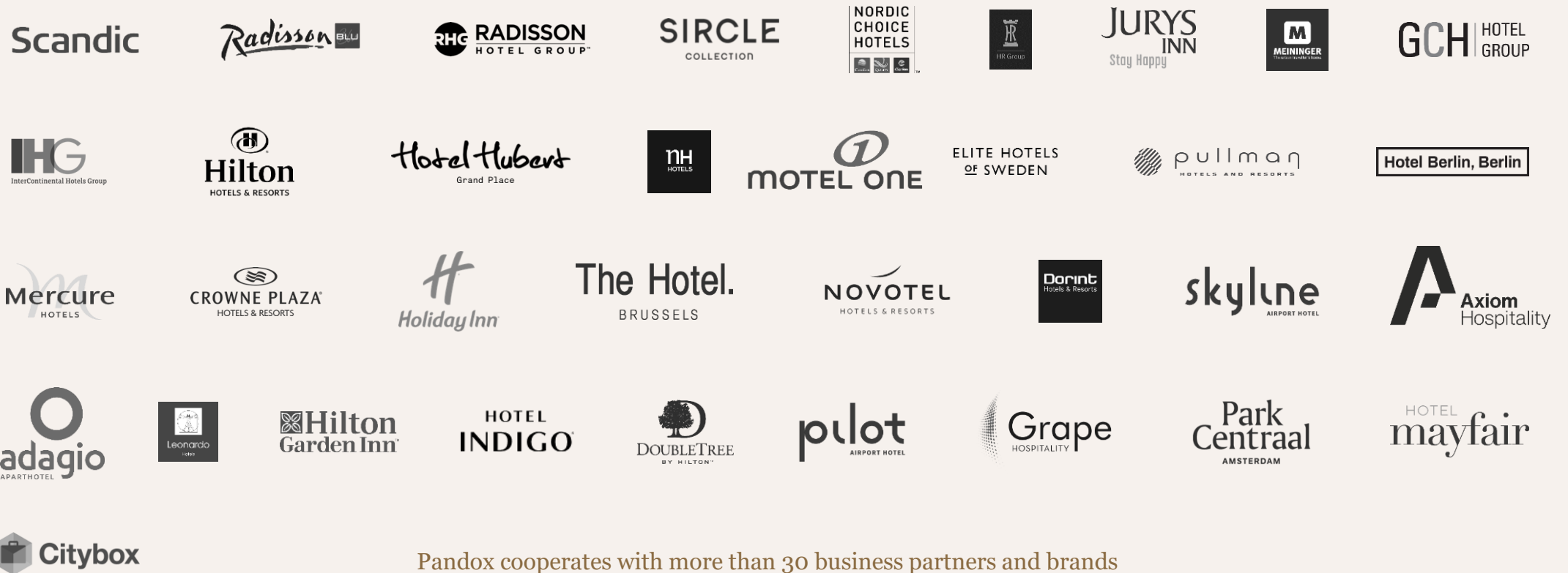
**22**  
Operated properties

**6,330**  
Rooms

**19%**  
Property market value

Strategic position

# A strong network of partners and brands



Quarter in brief

# High business activity

+18%

Return on equity <sup>1)</sup>

R12M

+74%

LFL growth in NOI  
total <sup>2)</sup>

Jul-Sep 2022

+39%

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

Jul-Sep 2022

47.1%

Loan-to-value, net

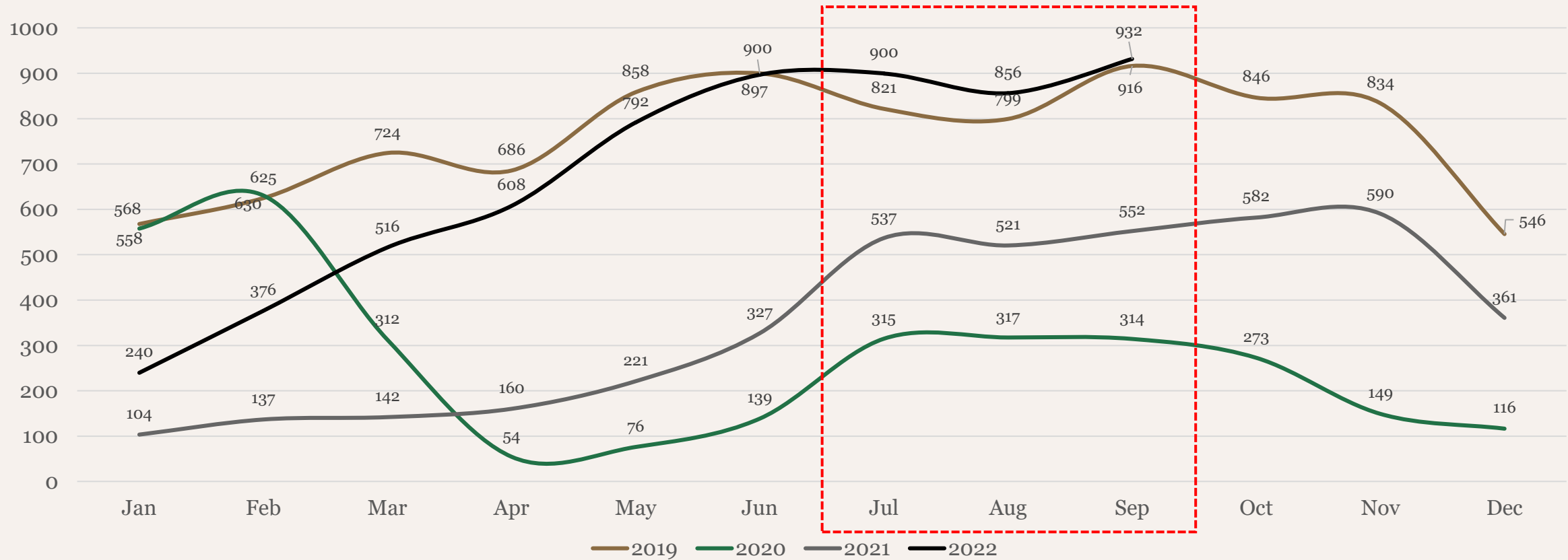
Per 30 September 2022

<sup>1)</sup> Measured as growth in EPRA NRV, including dividend and excluding proceeds from directed share issue, at annual rate.

<sup>2)</sup> Measured as net operating income Property Management and gross profit plus depreciation Operating Activities.

<sup>3)</sup> For comparable units adjusted for currency effects.

# RevPAR has fully recovered



Acquisitions and divestments in the quarter

# Selective strategy



- NH Louise/Citybox Brussels  
MEUR 35  
246 rooms  
Acquisition OA/PM
- Double Tree by Hilton Bath  
MGBP 40  
176 rooms  
Acquisition OA
- InterContinental Montreal  
MCAD 80  
357 rooms  
Divestment OA



A photograph of the Scandic Luleå hotel building. The building is a modern, multi-story structure with a dark, textured facade and large windows. The word "Scandic" is written in large, red, 3D letters on the upper part of the building. The sky is a clear, light blue.

Scandic

Scandic Luleå  
276 rooms  
Extension of 112 rooms





# Motel One Copenhagen

200 rooms  
Renovation and new lease





# nhow Brussels Bloom

305 rooms  
Upgrade and brand change



A modern lounge area featuring three red velvet armchairs with dark wood frames. In the center is a round, light-colored coffee table on a chrome pedestal base. A vase of purple and pink flowers sits on the table. The background wall is light-colored with a large framed panel. The floor is made of light-colored wood in a herringbone pattern.

# DoubleTree by Hilton Brussels City

421 rooms  
Upgrade and brand change



# DoubleTree by Hilton Brussels City

354 rooms

150 room extension ready 2025





An architectural rendering of the Hotel Pomander Nürnberg at dusk. The building features a modern facade with a grid of windows, some of which are illuminated from within. A prominent glass-enclosed staircase or atrium is visible on the right side. The foreground shows a paved plaza with a few silhouetted figures. A semi-transparent dark banner is overlaid across the middle of the image, containing white text.

# Hotel Pomander Nürnberg

311 rooms  
Renovation and brand change

# Scandic Park Stockholm

203 rooms  
Renovation





# NH Collection Salzburg City

## 140 rooms

## Upgrade





# Holiday Inn Brussels Airport

## 310 rooms

## Renovation



# Hilton Brussels Grand Place

224 rooms  
Renovation





A photograph of a modern hotel lounge. In the foreground, there is a tufted yellow sofa with a round wooden table in front of it holding a vase of red and pink flowers. The background features a bar area with a dark counter and various bottles, surrounded by several small round tables and black chairs. The ceiling has two decorative chandeliers with yellow lights. The overall atmosphere is warm and contemporary.

# Jurys Inn Birmingham

## 445 rooms

## Renovation

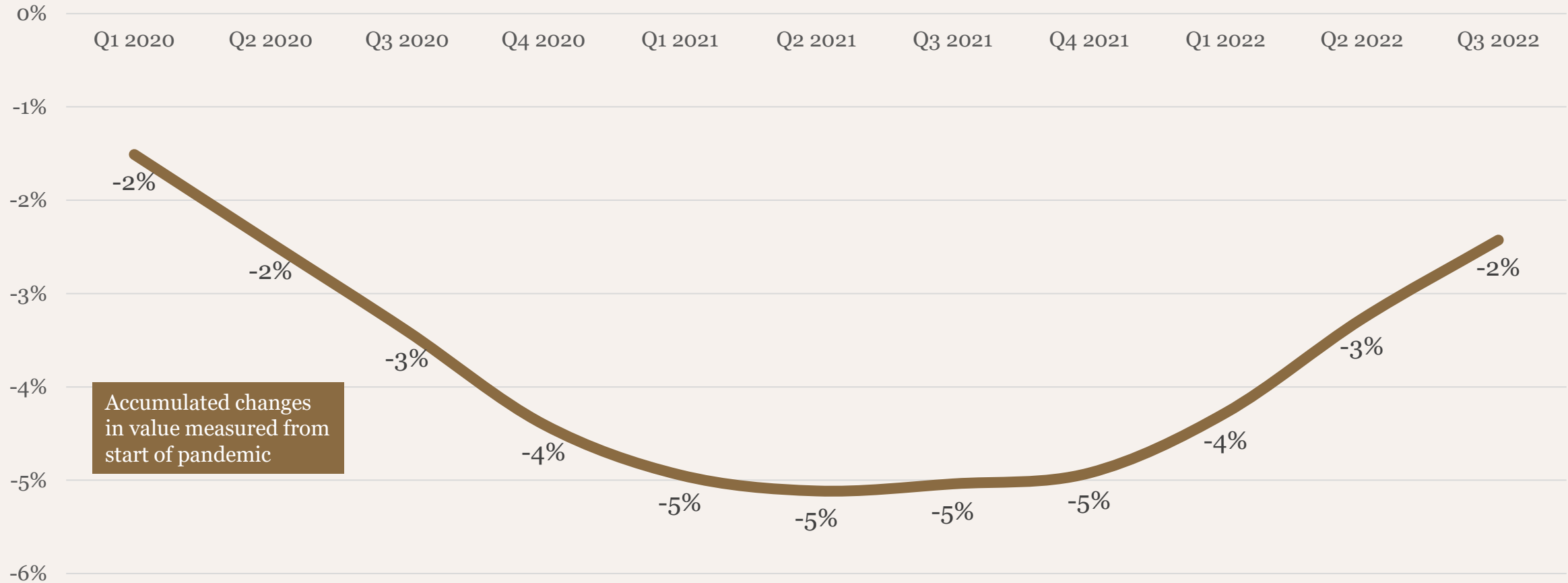


# Citybox Brussels

246 rooms

Concept renovation and new lease

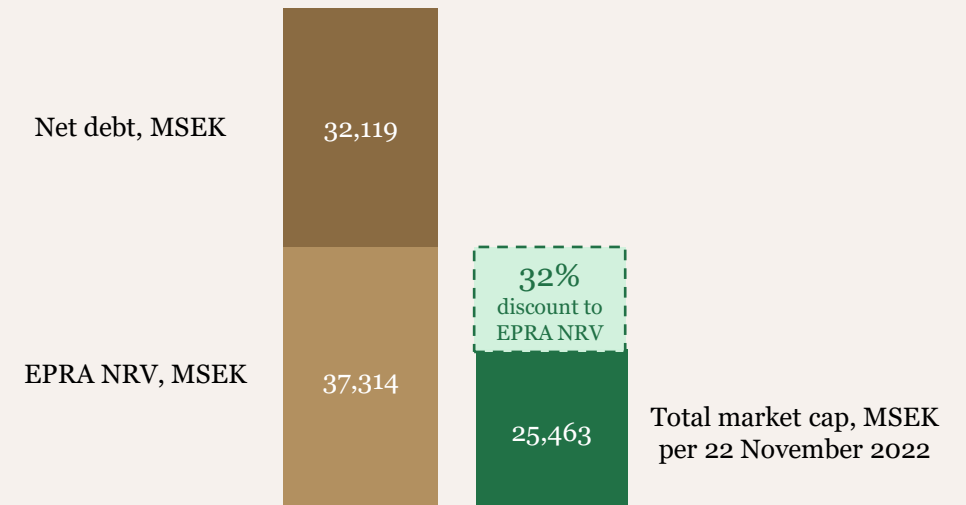
# Hotel market recovery lifts property values



# Well-proven financing strategy

- Well-proven financing strategy built on long-term relationships with banks and shareholders
- Equity and mortgage-backed bank loans are Pandox's sources of financing
- No market financing in the form of bonds/hybrids and no external rating requirements
- Given Pandox's business model, mortgage-backed bank loans are the most effective and predictable source of financing

Capital structure, per 30 September 2022



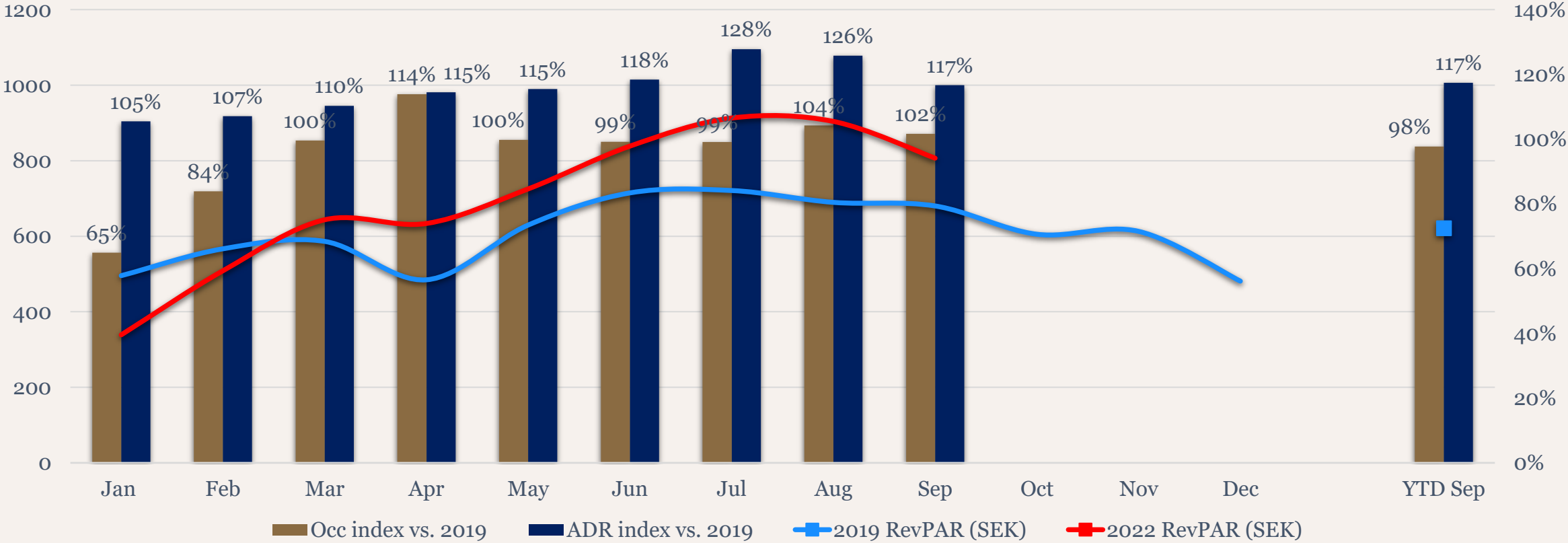
# A return to normality

- First restriction-free quarter since Q4 2019
- RevPAR recovered to pre-pandemic levels
- Strong ADR development in all markets, while occupancy is trailing slightly
- Normal seasonal pattern and business mix
- Biggest relative recovery in larger cities, while smaller ones continue to perform well
- So far, rising inflation and higher energy prices have not had any clear negative impact on hotel demand



Hotel market development

# Nordic regional

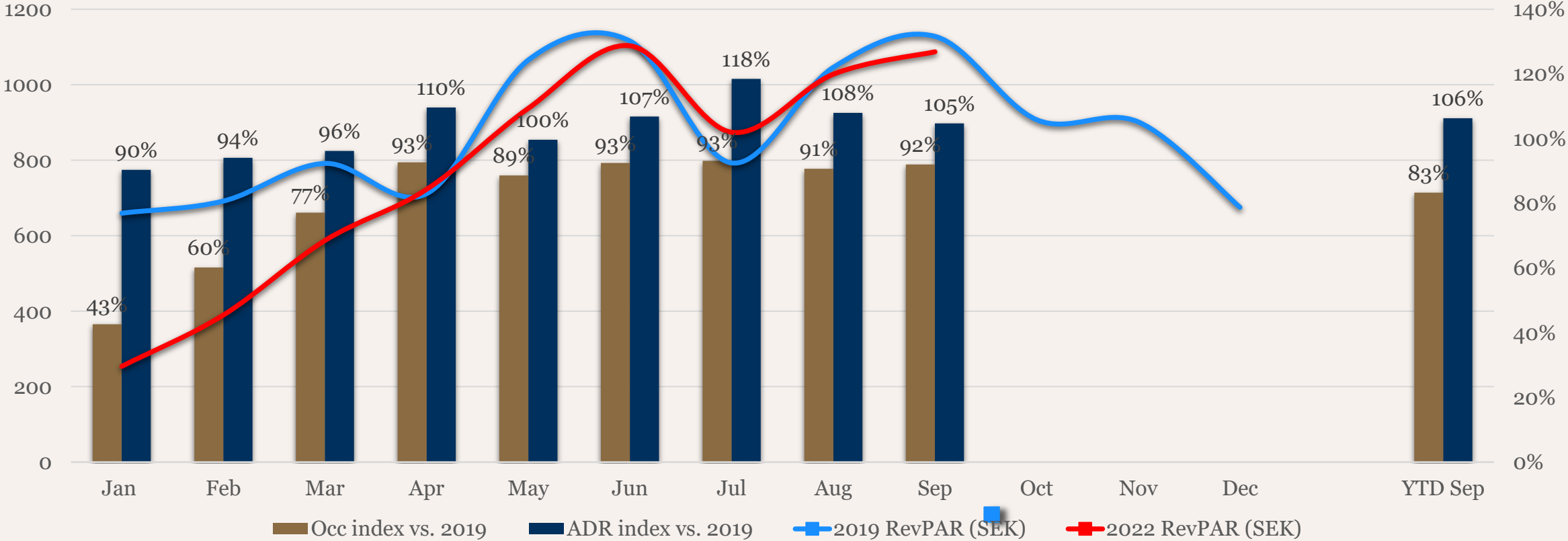


Source: Benchmarking Alliance



Hotel market development

# Nordic capitals

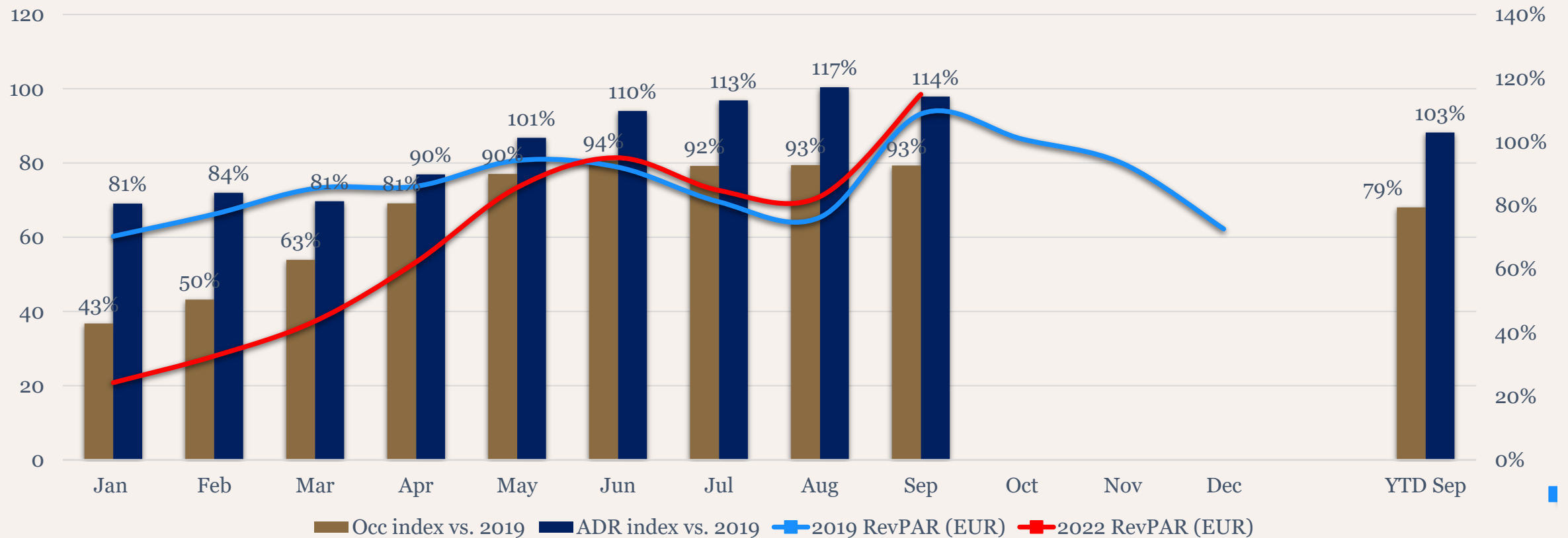


Source: Benchmarking Alliance



## Hotel market development

# Germany

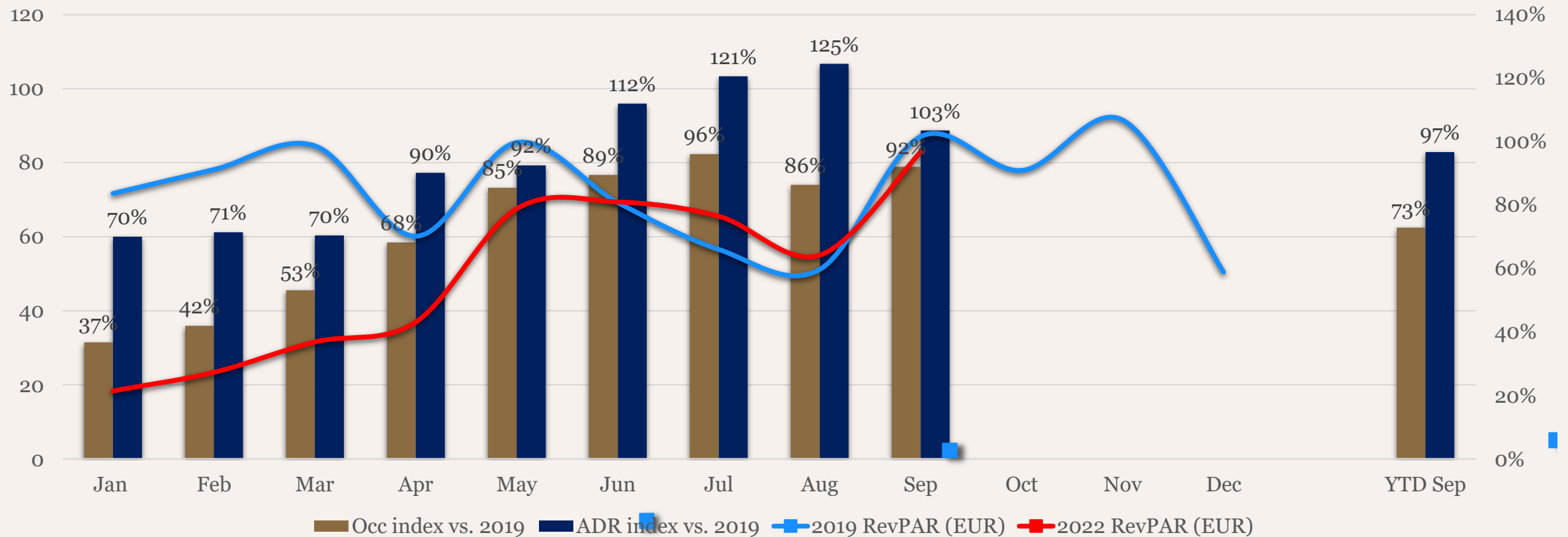


Source: STR Global



## Hotel market development

# Frankfurt

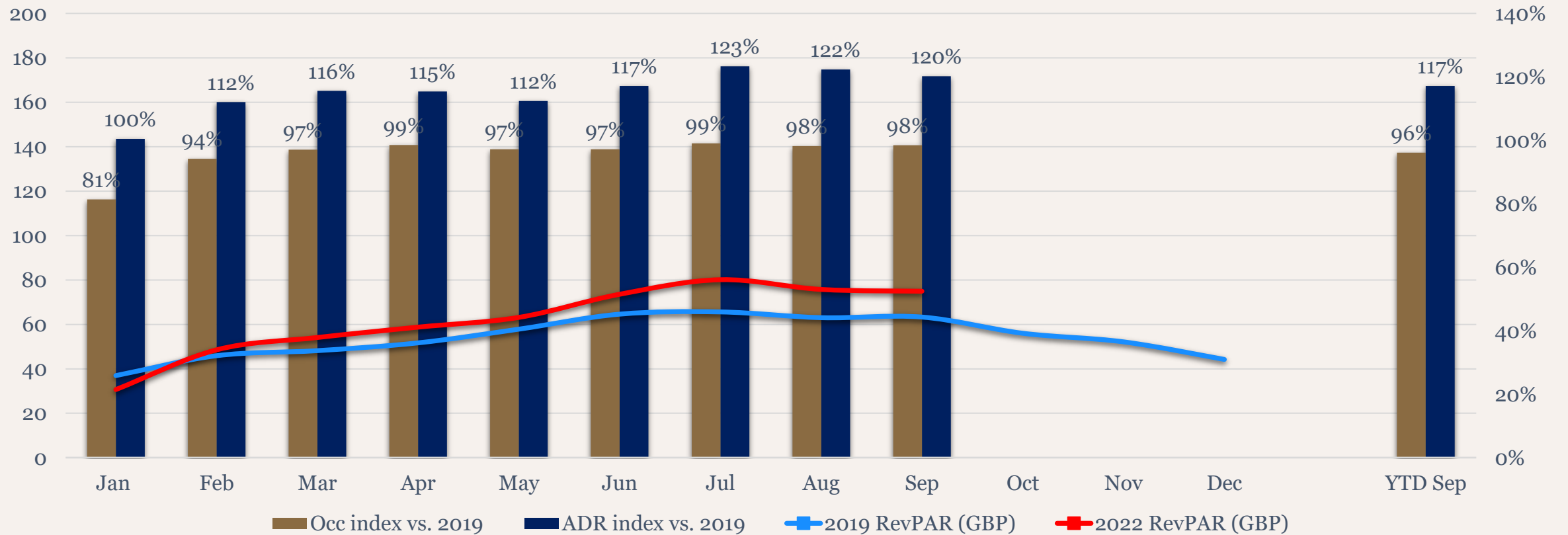


Source: STR Global



# Hotel market development

## UK regional

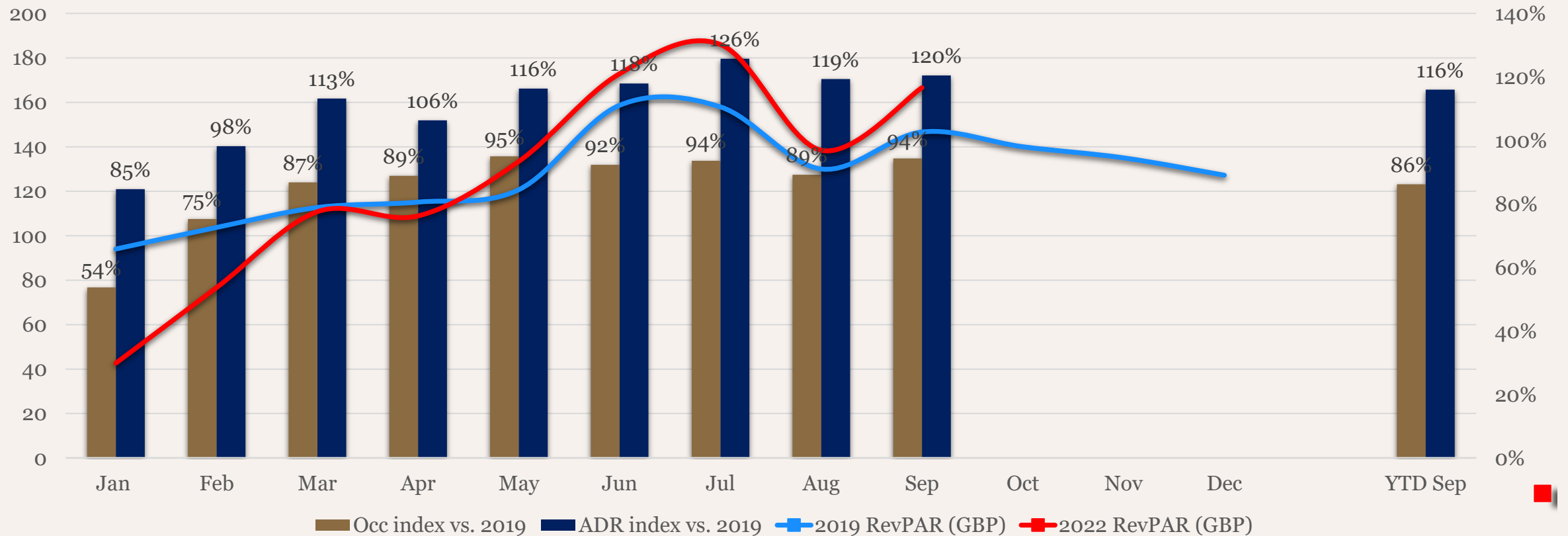


Source: STR Global



## Hotel market development

# London



Source: STR Global



# Good starting point in more uncertain times

- RevPAR at or above 2019 levels in the third quarter
- Profitable business model and normalised earnings
- Good financial position and strong cash flow
- Energy and financial cost will increase in 2023
- Variable revenues offer protection against both inflation and higher interest rates
- Disposable income and business cycle risks meeting strong underlying demand



# Q&A





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