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Pandox AB (PNDX.B.SE)

Q3 2023 Earnings Call

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MANAGEMENT DISCUSSION SECTION

Operator: Welcome to the Pandox's Q3 Presentation for 2023. [Operator Instructions] Now, I will hand the conference over to Anders Berg. Please go ahead.

Anders Berg

Senior Vice President, Head-Communications & Investor Relations, Pandox AB

Thank you, and welcome to this presentation of Pandox's interim report for the third quarter 2023. I'm here together with Liia Nõu, our CEO, and Anneli Lindblom, our CFO. And as always, we have STR with us today represented by Robin Rossmann, Managing Director at STR. And Robin represents the leading independent research firm focused on the hotel market and he will share STR's view on the market.

And please remember that the views expressed by STR are completely separate from Pandox, and the presentation is offered only as a service to Pandox stakeholders. And Robin's presentation will be held after we have completed our earnings presentation including the Q&A. Before we left Robin in, Liia and Anneli will present the business update with financial highlights for the third quarter 2023, followed by a Q&A session.

With that, I hand over to Liia.

Liia Nõu

Chief Executive Officer, Pandox AB

Thank you, Anders, and good morning and welcome, everyone. I would like to start this presentation with a couple of key investment highlights on Pandox. Do you see these eight poles? We are active in travel and tourism, a global and highly dynamic industry with strong structural growth drivers. Travel and tourism is one of the largest industries in the world, accounting for almost 10% of global GDP and a substantial share of new jobs created.

Two, we only invest in hotel properties. We are the largest listed pure hotel property owner in Europe and with a unique portfolio of high quality assets.

Three, we are an active owner with deep hotel expertise. We work with all operational models and are focused on creating value across the value chain.

The fourth point, with a turnover based leases, we have inflation protected revenue streams, which together with our minimum guaranteed rent, provide both upside and stability.

Five, we have a high quality product pipeline well underway. We expect this to accelerate our organic earnings and value growth massively through 2024 to 2026, with an additional SEK 100 million in NOI per year, meaning, all in all, to generate some plus SEK 300 million in additional income with full effect in 2026.

Six, we have ambitious ESG targets, including a substantial climate transition program with high expected ROI.

Seven, our property portfolio has an average valuation yield of approximately 6.1%, mainly with long leases and about of more than 14 years.

And finally, the eighth point. We only have bank financing with strong and positive lending relationships, low – and with low refinancing risk. And with more than 75% of our net debt being hedged, we also have a good overview of the positive yield spreads in the short and medium term.

Next page, please. We have a strong and well-diversified hotel property portfolio with 159 hotel properties with approximately 36,000 rooms in 15 countries and 90 cities, and with a property market value of more than SEK 71 billion with an average yield of 6.1%.

We are divided into two mutually supportive and reinforcing business segments, Property Management and Operating Activities. In Property Management, we lease hotel properties to strong well-known operators under loan revenue-based agreement also with a minimum guaranteed level. And this segment makes up for some 83% of our property and market value. In the other segment, operating activities, we operate hotels ourselves in properties we own under different operating models. And this segment makes up for some 70% of our property market value.

The focus of our portfolio is upper mid-market hotels with mostly domestic demand, which is the backbone of the hotel market, regardless of which face of the hotel market [indiscernible] 00:05:43. We also have one of the strongest network of brands and partners in the hotel property industry. And this all together ensures efficient operations and revenue management which maximize our cash flow and property values and continuous flow of business opportunity. A relatively large part of investment in property management is also shared with our tenants, which lowers our risk. Next page, please.

Demand in the hotel market was good in the third quarter. And it has now reached a new stabilized level based on current demand mix and traditional seasonality. That said, international travel and lodging meetings and conferences still have some way to go before having fully recovered compared with 2019. The good demand trends in the quarter led to a strong operational performance in both our segments, which lifted total NOI to a record level. Total NOI, net operating income increased by a good 10% like-for-like. However, adjusted cash earnings decreased by 12% as net operating income could not compensate in full for the very quick and strong increase in the market rates and interest expense. But given our interest rate hedge of more than 7% and the assumption that market rates are leveling out, conditions are improving for growth in cash earnings in 2024.

Our natural flexibility remains high with an LTV of 46.8% and an ICR of 2.8 based on the rolling four quarters. We have 100% bank financing, strong relationship, positive discussions on upcoming refinancing. And so our refinancing risk is low. And there was, I also like to reiterate, the high quality investment pipeline, which will improve our future growth outlook. Next page, please.

Here we see a comparison of the RevPAR level for our business segment property management from 2019 until today. The numbers are on a comparable basis. As you can see, RevPAR is currently trading above the corresponding period 2019, with ADR continued to be the main driver of the strong to very strong average price development in most of our markets. More on next page.

Here, we have a breakdown of the performance for a selection of countries, regions, and cities versus 2019. The first chart on the left tracks the year-to-date six-month performance to June, and the second on the right tracks the year-to-date performance, year-to-date September, nine month. We show ADR on the vertical axis and occupancy on the horizontal axis. [indiscernible] 00:09:02 is the point corresponding to 2019 on both ADR and occupancy. And in the boxes, we indicate how much higher or lower RevPAR is compared with the corresponding period 2019.

As you could see, the hotel market continued to improve in the third quarter, and year-to-date September, all markets except Helsinki traded above or even well above 2019 levels on rate, whereas the majority still remained below 2019 when it comes to occupancy. In terms of RevPAR from the second to the third quarter, the greatest relative improvements again took place in Germany. And Robin Rossmann from STR will talk more about the underlying trends in the European hotel market later in this call.

But broadly speaking, RevPAR in all original markets is trading above 2019 with UK and Norway region being the strongest month, closely followed by Sweden and Finland.

Among the Nordic countries, it is, or among the Nordic capital cities, Oslo is clearly the strongest, followed by Stockholm.

Copenhagen recovered further in the third quarter and is now basically back on 2019 levels, whereas Helsinki continues to suffer from a lack of Asian and Russian demand.

In these two cities, there has also been a strong inflow of new capacity and new hotel rooms in the past few years. And against this backdrop, the recovery in Copenhagen is particularly impressive.

Overall, new capacity that was planned before the pandemic has come to the market, but we see very little new capacity coming in, in future years, supporting the RevPAR development further.

Next page please. Here, on this page, we have listed some larger investment projects in our existing portfolio. Hotel Pomander opened on the September 18, after having been closed for an extensive renovation since the third quarter 2021. And the rest of the projects are expected to be completed during the second half of 2024 and in 2025.

All in all, we expect them to generate some SEK 300 million plus – SEK 300 million in additional, in additional net operating income per year with the full effect from 2026.

Next page please. In the third quarter, we also decided to invest approximately SEK 320 million in climate transition related projects in operating activities. The main activity is the phasing out of oil and gas, but also upgrades of technical systems for energy optimization and investments in renewable energy solutions.

This will enable us to fulfill the SBTi emission reduction targets or operating activities when completed. It's a three year program which will also generate a tangible cost savings. The SBTi targets are currently under review and we expect to be able to communicate them within short. Next page please and with that, I hand over to our Anneli Lindblom, our CFO.

Anneli Elisabet Lindblom

Chief Financial Officer, Pandox AB

Thanks, Liia. Good morning, everyone. We are happy to report a good set of numbers for this third quarter. And to be clear, we do have government grant in our comparison quarters so please read the numbers carefully. This government grant refers to previous years 2020 and 2021, and we did receive them last year with the final part in Q3 2022. Like-for-like growth was good both in revenue and net operating income supported by a seasonally strong start with several active demand segments.

Total revenue base rents increased to SEK 421 million compared with SEK 378 million last year. Operator activities counted to perform well in the third quarter in line with seasonality and good leisure demand during the summer months and a pickup in business demand in September. Adjusted for the government grant, cash earnings decreased by 12% in the third quarter due to the quick and strong increase in market rate, which puts interest expense higher compared with last year. Higher current tax also explains part of the lower cash earnings since we are now in tax position in Sweden and in Norway. Next page, please.

On this slide, we show the change in the main valuation parameters for the total property portfolio year-to-date. As expected, we have had positive contributions from investments and from acquisitions, but also from currency. We do have the main part of our hotel properties outside Sweden. All in all, 78% in foreign currencies and 44% in euros. Then two effects in the unrealized changes in value. We have the negative one from the higher average yields in the market with a negative effect of SEK 3.5 billion. But we also have the strong cash flow due to the strong price development in the hotel market with a positive effect of €2.2 billion. [indiscernible] 00:15:08 from the beginning of the year, the increasing average valuation deals was 34 percentage points for property management and 45 percentage points for operating activities. And over the period, the average valuation yields for investment properties was 5.92%, and for our operating properties it was 6.95%. Next page, please.

Here we have the average yield, the average interest on debt and EPRA NAV per share average interest on net, or on debt, and EPRA NRV per share quarterly from just before the pandemic and up until today.

When it comes to the yield, I just want to remind you that the changes in value recorded during and immediately after the pandemic were largely, largely an effect of changing cash flows. Cash flows were adjusted downwards during the pandemic, and then adjusted upwards when the recovery started after it. Both in our internal and in the external valuations, while the yields were stable, however, in line with rising market interest rates, yields have moved higher since the fourth quarter 2022.

Despite higher yields and higher market interest rates, EPRA NRV per share has increased and we have a tangible and positive deal spread. Also note the EPRA NRV amounted to 4.9% measured on an annual basis and adjusted for pay the divided.

Next page please. As you can see, at the end of the third quarter, the LTV was 46.8% and the ICR on a rolling 12-month basis was 2.8 times. The LTV remains at the lower end of our target range. While the ICR is resilient. Cash and unutilized credit facilities amounted to almost SEK 3 billion at the end of the quarter. And please note that we have on track untouched assets as an untapped reserve.

Next page please. And Pandox have just two sources of financing, we have equity We have equity and we have bank loans. It will be in underlying properties. We have no market financing in core bonds and no external rating requirements. Given our business model, we'll focus on hotels and variable ramps. This has proven to be the most efficient and predictable financing over time.

On the right, we highlight our capital structure at the end of the period. And based on the closing price yesterday, Pandox is valued at a discount. It's going to be approximately 51% at the moment. Next page, please.

So far this year, we have been very active on refinancing with the total amount of SEK 13.778 billion. We have no maturities on refinancings in the third quarter. The refinancing during the year have been made at longer duration. And our average debt repayment periods has increased year on year to 2.4 years. Looking ahead, we have some SEK 8 billion of debt maturing within one year of which the majority will be in Q2 and Q3 2024.

We do have strong relations with our banks and discussions on [indiscernible] 00:18:59 refinancing are positive and are ongoing. Overall credit margins are stable and our refinancing risk is low. And I would also like to remind you that 76% of the net debt is hedged, which means that the effects from further increase in market rates is relatively low. Next page, please.

And with that, I will have back to Liia for some final remarks.

Liia Nõu

Chief Executive Officer, Pandox AB

Thank you, Anneli. We expect, we expect continued stable demand in the hotel market in the fourth quarter. There is a seasonal effect with demand. Normally, it starts to normally starts to weaken in mid-December and picks up again in mid-January. We also expect some growth in the hotel market in 2024 based on a strong event calendar in Germany and expectations for stable market conditions in our other markets. Generally speaking, hotel demand is dependent on economic activity, and the main risks are geopolitical instability and its effects on economic activity and travel. That said, with a high quality portfolio, an active and value-oriented ownership model based on deep hotel expertise, a strong project pipeline, and low financing risk, we are well-prepared for value creation in any market scenario. Next page, please.

And now we move over to Q&A. Operator, we are now ready for questions. And again, please...

QUESTION AND ANSWER SECTION

Operator: [Operator Instructions] Please state your name and company. Please go ahead. Your line is now unmuted. Please go ahead.

Edoardo Gili Q

Hi, this is Edoardo from Green Street. Can everyone hear me?

A

Yes.

A

Yes, we can. Good morning.

Edoardo Gili Q

Good morning. Three questions from me. On top of your maturities, so SEK 8 billion for next year, how much of your debt will reprice? So, in terms of interest rate derivatives debt will reprice so, you know, in terms of interest [indiscernible] 00:21:41 digits you have?

A

We – the interest rate [indiscernible] 00:21:49, we have 76%, which is hedged on a maturity – with more – on average maturity of more than four year. When it comes to the refinancings, then of course, as you know, we have sort of continuous refinancing during the year or during the years. So most of our – more than €14 billion or so have basically been repriced with higher credit mortgage spreads maybe already this year. So we expect this to be rather limited. And again, as you know, the credit margins were already increased during the pandemic, so most the affected wanted to take them. And we actually dare to say that with our interest rate cost of 4.2% of the Q3, we expect this to be pretty constant for the rest of the year and also with a moderate increase based on the today's interest market expectations and then with moderate increase in next year as well.

Q

Understood. Thank you. And then another question for me. Regarding your current investments, so you mentioned SEK 300 million of NOI added through 2026...

A

Yeah.

Q

...what is the yield on costs on that? It seems to me it's 16% based on your preapproved investments. Is that correct, 16%?

A

Well, we typically say that there are [indiscernible] 00:23:15 with the sort of investment we do on our portfolio is between – somewhere between 10% and 15%, 10% and 12%, 12% and 15%, so a little bit compounding, but yes.

Q

Perfect. Thank you. And last question for me, can you give us a little bit color around pre-booking trends for Q4 and maybe Q1 of 2024? How is it looking versus last year?

A

Yeah. When you look at the booking compared to last year in almost all our markets, it's about well above what it looked like last year. And especially comforting is the right word over Brussels, which has been sort of laid out of the [indiscernible] 00:24:00 And now we have a lot of our own operations in Brussels. So looking for the rest of the year and also in 2024, it's on a higher, much higher level than last year. And this goes for basically all our markets.

Q

And how much higher roughly? Would you say, 10%, 20% 30% higher?

A

It depends which market. And then, of course, it depends on how much further you look. When it comes to Brussels, it's actually very comforting that you actually see the weekend travel picking up in quite a large extent. So basically same growth versus 2023.

Q

Perfect.

A

Sorry. Some growth.

Q

Understood. Thank you.

Operator: The next question comes from Fredrik Stensved from ABG Sundial Collier. Please go ahead.

Fredrik Stensved
Analyst, ABG Sundal Collier AB

Q

Thank you. Good morning, all.

A

Good morning.

Fredrik Stensved
Analyst, ABG Sundal Collier AB

Q

My line broke up a bit earlier. So apologies if I ask things that have already been asked or that you have already touched upon. But if we start with the SEK 320 million investment that you touched upon during the presentation, can you provide any sort of yield on cost figures? And also have you done sort of the same analysis for the property management portfolio?

And can you share anything about that?

A

Yeah, absolutely. When it comes to the SEK 320 million when it comes to our green investments, which will go – come over three years, we expect a double-digit – a tangible double-digit ROI on this one. This will come over three years, and expected to be sort of finalized in 2027 and will basically cover all our SaaS-based targets for the operating activities segment, even though sort of the targets are set for 2030.

When it comes to our property management, then of course, this is – the levels of the targets are slightly lower and we are already underway with some of the investments. But we will come back, but it will most likely not be in the same investment [indiscernible] 00:26:41. But again, good investments, high core divestments which will drive our efficiency and reduce our UI consumption, but also make – and it's more energy efficient.

Q

That's clear. Thanks. And yeah, I have the follow-up. In the property management portfolio, if you were to do similar activities, is that 100% sort of for the account of you as the property owner or will that investment be shared with the tenants?

A

This is a question which is up on the table. And of course, it's in both our interest that both the property owner and the tenant will reduce the energy consumption. So, it will – most likely will be a shared investment, but they won't be in the same magnitude as we have in our own operations.

Q

All right, perfect. Thanks. And then secondly, maybe a detailed question about the new lease agreement in Copenhagen that you signed during the quarter. Can you share any figures on the sort of what the NOI contribution was when it was in the operator segment? And anything about the terms in the lease agreement?

A

Oh, we – going to the specific terms on this call, other than again, remember, this was the hotel we took over in the beginning of 2020. We have done some investments. We are continuing to do some investments. And this will be a good, good lease going forward when [indiscernible] 00:28:35. Yeah, in the middle of Copenhagen, so with – and with the market expectations there, it's a good lease in line with what you would expect from a downtown Copenhagen renovated property.

Q

I understood, and that's fair. Thank you. That's all from me.

Operator: The next question comes from Albin Sandberg from Kepler Cheuvreux. Please go ahead.

Albin Sandberg
Analyst, Kepler Cheuvreux SA (Sweden)

Q

Hi there. I just have one more question, and that was on the pay tax line. You're referring to tax versus quote, carryforward as I understand was not available in Sweden and Norway, I guess understand not available in Sweden and Norway, I guess and also some interest rate deductibility write-downs but this Q3 pay tax rate as a percentage of the underlying income representative for you know an annualized level of Pandox. I don't know if you want to guide forward or on a rolling 12 month basis.

A

We can take all that. If you look at the tax for the year-to-date, that's the normal level you could play to give you some kind of guidance at least for this year but it's kind of complex and you know within – with sort of the different – the different countries we're in do have a lot of different tax issues. So, it is a bit hard to predict but I guess that the level we have today in the year-to-date figures will give you some guidance.

Q

Okay. That's very helpful so thanks for that. And also just as a follow up on the previous question there, if I understood you correctly that you felt that the majority of your debt had been repriced with let's say current bank margin terms, is that correct?

A

Yes. Yes. I mean we did have some new terms during the pandemic where we were sort of quite early to the new level.

Q

Yeah. Okay. Great. Thank you very much.

Operator: There are no more questions at this time. So I hand the conference back to the speakers for any closing comments.

Unverified Participant

Now it's time for Robin. So, with warm hand, I will hand over to you and please remember, the Pandox presentation is totally And please remember, the company's presentation is totally separate and independent from Pandox and it is arranged as a service to Pandox stakeholders. And we are very, very grateful for your contribution, Robin. So, please go ahead.

Robin Jack Rossmann

Managing Director, STR Global Ltd.

Thank you very much. And so, I'll start on the cover page that says European Hotel Performance Updates. And as mentioned just there, we're not giving any investment advice, but we're giving an overview of market performance. And what I'll cover through today is just a European overview starting on the next page, on page 18 at the bottom. Just a bit of a global picture looking at occupancy year-to-date to September. And the smaller bubble there comparing to 2019, you can see at the top, Europe the highest occupancy across the world with 70% of rooms sold September year-to-date which is just 4% behind 2019 levels. So, almost fully recovered from an occupancy perspective, but not 100% recovered yet. More on that in a bit.

And then moving on to the next slide. You can see that from a rate perspective, as you will know, certainly, if you've done any travelling yourself, rates are definitely more than recovered. Europe sitting at €157 equivalent dollars and it's even with the strong dollar. The percentage change is on a constant currency basis though. So, 27% higher than 2019 levels. And that is if you ignore some of the economies with much higher inflation or currency devaluations, the highest of any established hotel market or region around the world.

So, So moving away from absolute, total numbers on to the versus 2019 and on to the next page. And just looking at the trend of change in occupancy in the teal and change in rate in the blue and change in RevPAR in the little purple circle versus 2022. So this is looking at momentum versus last year and momentum going forward. And you can see the beginning of the year still had a lot of exceptional growth due to some soft comparables in the first quarter of 2022, which still has some strong COVID impact. And as you can see as we head through to the summer months, last year was an absolute record for hotel performance across Europe. And so the comparables were very strong. And even despite those record comparables last year, we had an even better year across Europe this year with RevPAR still rising, 6%, 7% occupancy slightly higher and rates around 6% of that growth.

And I think the encouraging thing, and I'll talk a bit more about this as we go forward, is that that what we saw last year around this time was, you know, business demand started to come back, but it didn't bounce back as strongly as leisure demand. As we head into the fourth quarter this year, we're seeing that obviously the leisure demand means those comparables are very difficult. But as we've gone into the key business months, we can see that business demand is now recovering and continue to recover. So we've seen RevPAR jumped up to that 9% growth. And so sort of just foreshadowing what's to come, we do think that the fourth quarter will be stronger than the third quarter on a comparable 2022 year basis.

quarter will be stronger than the third quarter on a comparable to 2022 year basis.

So moving on to the next slide, slide 21, just to give some more data to back that up. Here you can see occupancy versus 2019 levels by day of the week across Europe. And it is those primarily leisure-driven nights of Sunday, Friday, Saturday that are the most recovered, just 1 percentage points or 2 percentage points below 2019 levels. And it's the midweek nights that are the 4% or 5% or 6% below 2019 levels. And it's there that we expect that a continued occupancy recovery can be achieved.

And moving on to the next slide, slide 22, one of the reasons – there's sort of two main reasons for that slow recovery. It's international business travel, and it's also group demand. And here you can see group demand is still trending 15% to 25% below 2019 levels. And there is definitely still potential for that to come back given many events have a very long lead time, 18 months or more in some cases.

So moving on to the next slide just giving a picture of performance across some of the major European capitals. And you can see if just starting from the further western side, most of those cities are 90%-plus recovered [indiscernible] 00:36:58 or green. And as you head further east, into the Central and Eastern European, a little less recovered. So, those markets sort of benefited a little less from tourism, and in particular, American inbound tourism, which has really boosted the performance of markets like Rome, Paris, Dublin, the UK and Greece. So, those are the highest recovered cities underpinned by that exceptional pent-up American demand, some 40% higher than 2019 levels. And – and that's driven that super performance.

So, just moving on to the next slide, slide 24, and just going back to rates again, you can see that even though the rate growth has slowed, it has been above CPR for most of the year and is kind of tracking back at CPR levels. So, when you move on to the next slide, slide 25, we're looking at average rates both on a on a real basis, so adjusted for inflation in the dark blue and then the higher little blue bar at the top takes it up to what it is a nominal.

And so, just starting really in the summer months, you can see July and August, even though this year the growth wasn't that significant. And that is because we achieved a lot of that growth in the prior year and it's still those summer months that have the highest growth on a nominal basis, you know, 30% and more. And in the business months, but it isn't as high. But as I said, I think that the, the demand is there to support the stability and the growth rate going forward.

So, just moving on to the next slide, slide 26, you can see similar analysis to what we did with occupancy earlier on, this is right by day of the week and it is those leisure days of Sunday, Friday, Saturday that have had the highest growth at sort of 30% or more and the business days in the mid-20s.

Moving on to the next slide, slide 27.

A good growth, rate growth across all the European cities, most in excess of 2019 levels. But again, it is those ones that benefited from that inbound international demand from US travelers in particular that had the most exceptional rate growth.

Paris, some 54% above 2019 levels. Rome 59%, Edinburgh 41%. So, whilst the averages might indicate that Europe has become, you know, very highly priced from, from a rate perspective, really that is accentuated in some of these cities and there is potential in many of the others for further growth. So, I do, on that note, I do just want to go onto the next slide and just give you a long-term picture of rate growth versus broader economic inflation using CPI as the index here.

And so, even though compared to 2019, as I said earlier, hotel room rates are well above broader inflation and have grown in real terms. If you go all the way back to 2008, 2009, that's a very long period in Europe after the global financial crisis. And then the European financial crisis that it did take a while for hotel room rates to come back.

And so on a very long-term basis, you know, roommates are not overpriced versus broader economic inflation.

So, moving onto the next slide and just sort of touching on some of the business on the books. What you can see here is on the – from the 16th of October, so literally just last week, looking forward, 90 days, this essentially gives you a picture of the last quarter across some of the major markets in Europe. And you can see that in almost all markets, we've got business on the books that exceeds what we had seen time last year. So, this backs up what I was mentioning earlier that we do think that Q4 will base on the business and the books be relatively strong, improve on 2022 levels.

And moving on to the next slide and kind of just wrapping it all up you know in terms of where this growth will be both in the remainder of this year and as we sort of look forward into the long term you know coming out of the global financial crisis, it was definitely leisure and it was definitely luxury that drove the highest performance. So, luxury and economy were the two that drove the highest performance. What we've seen this year versus 2022 is I guess unsurprisingly when rates at the top end of the market grow that significantly they have less room to grow.

And that's what we've seen this year. We've seen that luxury has still grown, but overall rate growth has been lower and RevPAR growth has been about 15%. Whereas in the middle of the market, from upper upscale down to midscale it's been 20% above. And then economy which also benefited from a stronger rebound earlier has been lower at around that 17% mark. I think this is a good foreshadowing of what we would expect to see going into next year. Luxury ready at peak performance and given there's likely to be not as much a pent-up American demand coming through.

We think that, that will stabilize and that it'll be the middle of the market that will drive full performance across Europe next year.

And so, with that, I will say thank you very much and I'll hand back to the Pandox team.

Unverified Participant

Thank you, Robin, for this negative central travel market update. And thank you all for participating in this call.

Our next event is the Pandox Hotel Market Day on the 24th of November. And the theme will be the hotel market in a multi-span work with focus on current geopolitical shifts their effect on hotel demand. The hotel guest expectations on hotel products, and also trends in the hotel transaction market. And you can find more information about this on our Web page.

Please also save the date for our full year report Q4 2023, which is published on the 9th of February 2024.

And with that, thank you again for your interest in Pandox. We wish you a nice end to 2023. Make the best of it, and goodbye.