

Q2 2023 presentation

Good growth in a strong hotel market

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Quarter in brief

Continued value creation

- Solid demand in the hotel market
 - Germany strongest relative improvement
- Good underlying growth and profitability
 - Cash earnings growth of +4 percent (y/y) adjusted for government grants in 2022
- Large refinancings completed and stable financial position
 - MSEK 14,146 refinanced in H2
 - Loan-to-value of 46.7 percent, ICR of 3.2x (R12M) and 100% bank financing
- Multiple factors support the hotel market

Strategic position

A well-diversified portfolio

Pandox Group

158
Hotel properties

35,648
Rooms

SEK **72.2**^{bn}
Property market value

Property Management

138
Leased properties

30,201
Rooms

83%
Property market value

Operator Activities

20
Operated properties

5,447
Rooms

17%
Property market value

Strategic position

A strong network of partners and brands



Pandox cooperates with more than 30 business partners and brands

Quarter in brief

Good growth

+12%

Return on equity ¹⁾

R12M

+16%

LFL growth in NOI
total ²⁾

Apr-Jun 2023

+12%

LFL growth in NOI
Property management ³⁾

Apr-Jun 2023

46.7%

Loan-to-value, net

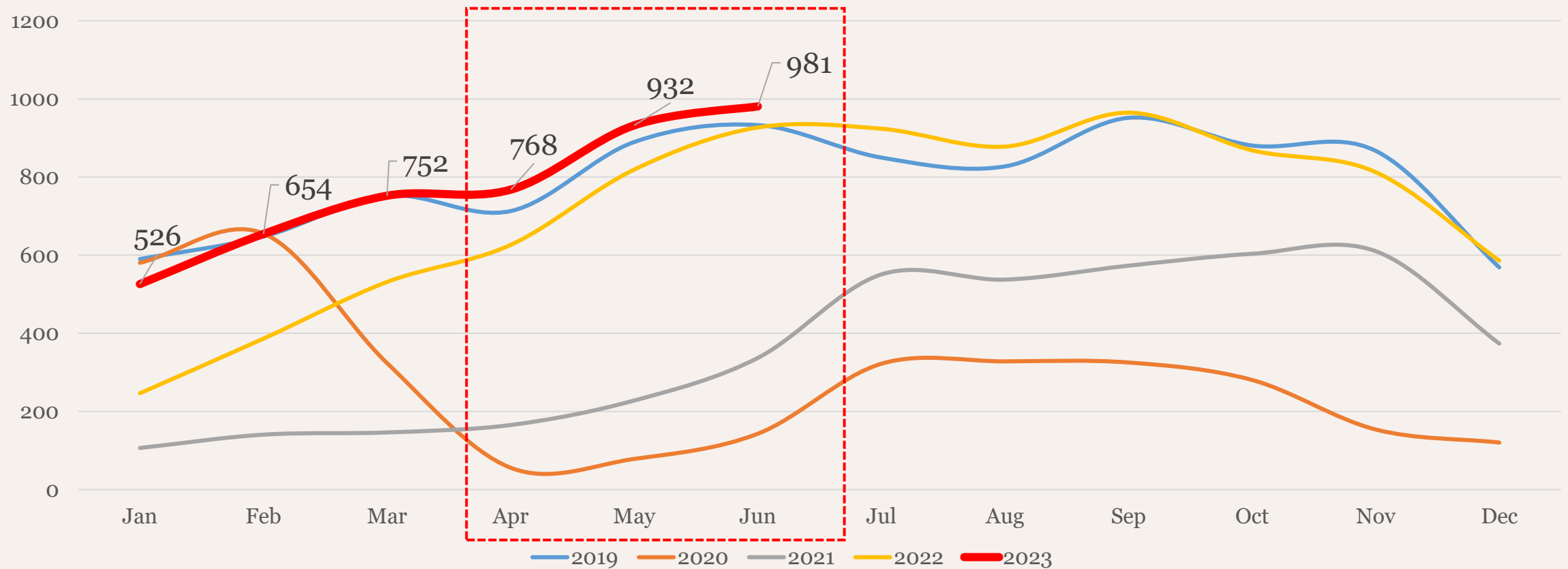
Per 30 June 2023

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

²⁾ NOI Property Management, plus gross profit plus depreciation Operating Activities. For comparable units adjusted for currency effects

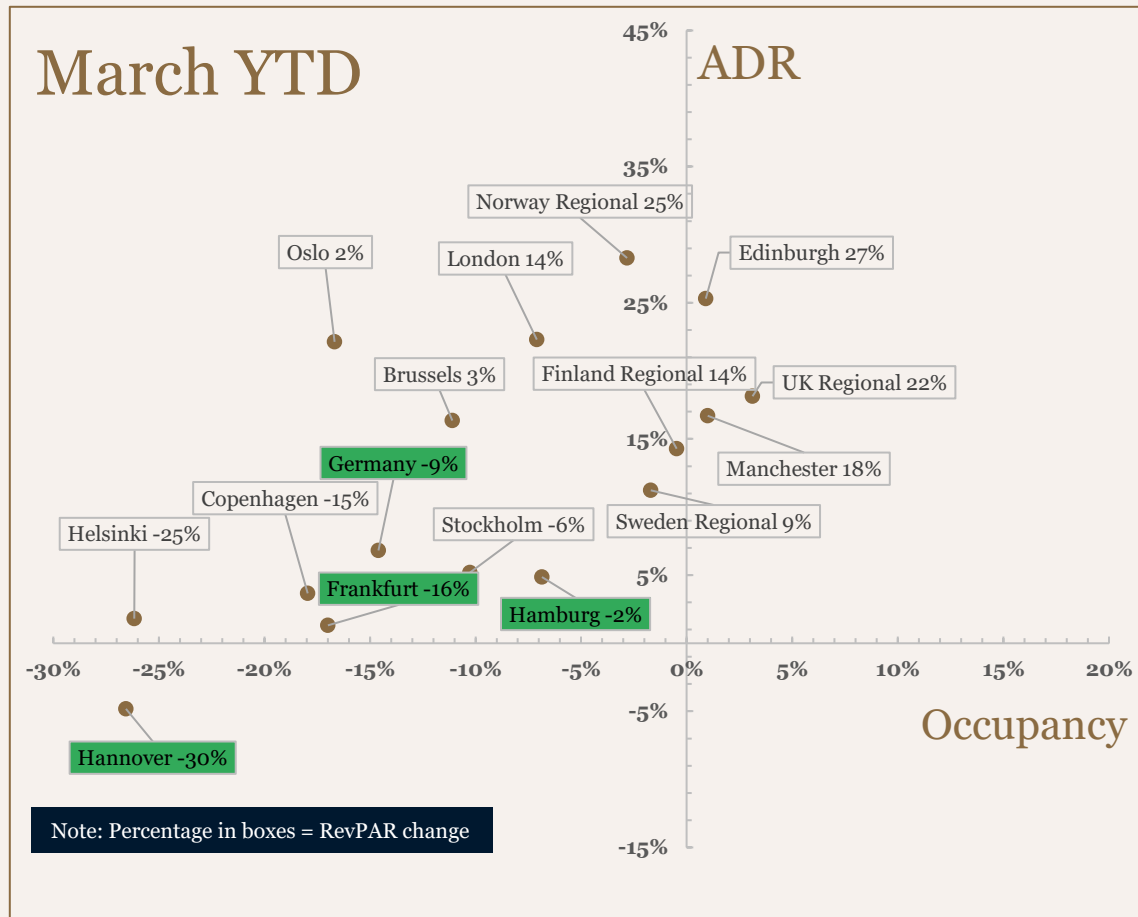
³⁾ For comparable units adjusted for currency effects.

RevPAR above 2019

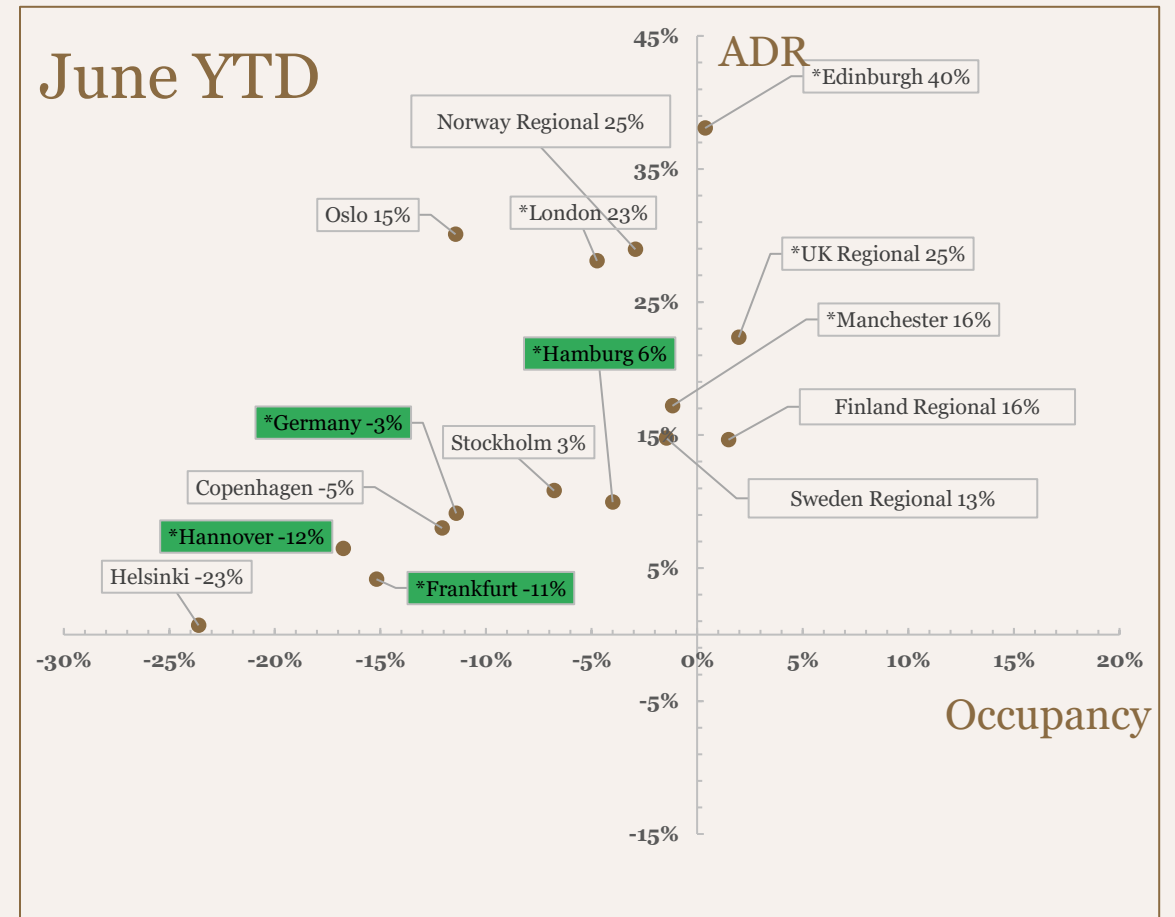


Hotel market development (vs 2019)

ADR drives continued RevPAR recovery



Source: Benchmarking Alliance, STR Global



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* Based on June estimate

New lease after the period

Scandic Go to open second half of 2024



Property Management | 221 rooms | City center



Source: Scandic (concept image)

Revenue-based lease with minimum guaranteed rent

Good underlying growth and profitability

- Good LFL growth
- Seasonally strong quarter and continued recovery
- Total revenue-based rents of MSEK 353 (258)
- Government grants of MSEK 156 for 2020-2021 received in the comparison quarter
- Adjusted EBITDA and cash earnings growth of 20 and four percent respectively
- Value creation also in a higher interest-rate environment

Revenue and result (MSEK)	23Q2	22Q2	YoY	LFL ¹⁾
Pandox Group revenue ²⁾	1,774	1,482	20%	18%
Pandox Group NOI ^{2,3)}	1,025	999	3%	16%
Property Management revenue ²⁾	942	852	10%	12%
Property Management NOI ²⁾	806	761	6%	12%
Operator Activities revenue	832	624	33%	24%
Operator Activities NOI ³⁾	219	238	-8%	38%
EBITDA ^{2,3)}	977	970	1%	-
Profit before changes in value ^{2,3)}	513	644	-20%	-
Cash earnings ^{2,3)}	510	645	-21%	-

1) For comparable units adjusted for currency effects

2) 22'Q2 includes government grants of MSEK 68 in Other property income

3) 22'Q2 includes government grants of MSEK 88 as cost reduction

Property portfolio YTD

Higher yields and higher cash flows

Changes in value Investment Properties	MSEK
Market value beginning of the year (1 Jan, 2023)	57,563
+ Acquisitions	330
+ Investments	254
+/- Reclassifications	461
+/- Changes in value	-878 -1.5%
+/- Disposals	-225
+/- Change in currency exchange rates	2,487
Market value end of year (30 Jun, 2023)	59,992

Changes in value Operating Properties, for information purposes only	MSEK
Market value beginning of the year (1 Jan, 2023)	11,669
+ Acquisitions	707
+ Investments	228
- Divestments	-616
+/- Reclassifications	-461
+/- Changes in value	-119 -1.0%
+/- Change in currency exchange rates	759
Market value end of year (30 Jun, 2023)	12,172

-1.4%

- Total property value of MSEK 72,164 (69,231) end-of-period
- Average yield Investment Properties 5.88 (5.58) percent and Operating Properties 6.80 (6.50) percent end-of-period
- Negative (unrealised) changes in value of MSEK -878 in Property Management and (unrealised and realised) MSEK -119 in Operator Activities
- Increase in average yield for Property Management of 0.30 percentage points and 0.30 percentage points for Operator Activities
- Higher yields to a large extent offset by higher cash flows
- Approximately 97 percent of the properties externally valued in the past 12 months, based on value
- Reclassification of Hotel Mayfair Copenhagen (30 June)
Acquisition of The Queens Hotel Leeds (16 Feb)
Acquisition of Best Western Hotel Fridhemsplan (28 Feb)
Divestment of InterContinental Montreal (Feb 1)
- Positive (realised) changes in value of MSEK 200 in capital gain from divestment of InterContinental and net value of disposal and insurance settlement for Dorint Parkhotel Bad Neuenahr

Higher yields balanced by strong cash flows

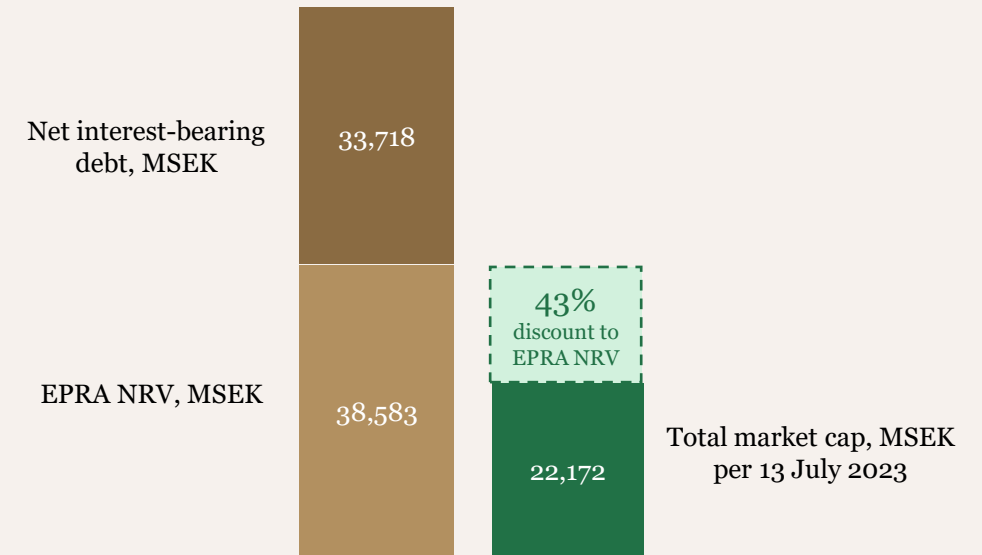
- Property Management H1 2023
 - Yield (+0.30%) SEK -2.6bn
 - Cash flow SEK +1.8bn
- Property Management Q2 2023
 - Yield (+0.26%) SEK -2.2bn
 - Cash flow SEK +1.8bn
- Higher cash flows explained mainly by a strong average price development in large parts of the portfolio

	22Q2	22Q3	22Q4	23Q1	23Q2
<i>Property Management</i>					
Unrealised changes in value, MSEK	388	585	-67	-410	-468
Average yield	5.41%	5.45%	5.58%	5.62%	5.88%
<i>Operator Activities (info purposes only)</i>					
Unrealised changes in value, MSEK	251	-49	-1	-10	-104
Average yield	6.38%	6.43%	6.50%	6.59%	6.80%

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 June 2023



Large refinancings completed

- Refinancings in the corresponding amount of approx. MSEK 14,146 completed in 23Q2
- MSEK 5,593 of debt maturing within one year, of which zero in the third quarter and approximately MSEK 3,175 in the fourth quarter 2023
- Average repayment period increased to 2.7 years
- Average fixed rate period increased to 4.3 years
- Average interest on debt (end-of-qtr) 4.3 percent
- Stable loan-to-value and ICR ratio, and strong cash position

Key metrics (at end of period)	23Q2	22Q2	YoY	FY 2022
Net interest-bearing debt, MSEK	33,718	31,472	+3%	32,334
EPRA NRV, MSEK	38,583	34,999	+15%	37,694
Loan to value, %	46.7	47.8	-1.1pp	46.7
Interest cover ratio, times	2.3	4.7 ¹⁾	-2.4	3.7
Interest cover ratio (R12M), times	3.2	2.9 ¹⁾	+0.3	3.7
Average interest on debt, %	4.3	2.5	+1.3pp	3.2
Average fixed rate period, years	4.3	3.0	+1.3	2.7
Cash and unutilised credit facilities, MSEK	3,340	4,091	-18%	4,489

1) Including government grants of MSEK 156

Average fixed rate period

New interest rate swaps added

➤ What we did?

- Bought interest rate swaps where we pay fixed and receive floating, with maturities between 7 – 10 years
- Four major currencies corresponding to a total nominal amount of approximately SEK 6 billion

➤ What was the effect?

- Average fixed rate period increased to 4.3 years (2.7 years in Q1)
- Net debt hedged* increased to 76 percent (64 percent in Q1)

➤ Why did we do it?

- Achieve a more even interest maturity profile
- Opportunity (inverted yield curve) in the interest rate market

*Against interest rate movements for a period longer than one year

Multiple factors support the hotel market

- A global economy with strong legs
- Household demand for experiences is high with travel prioritised over other consumption
- Surplus household savings remain high in many of our markets
- Further potential for business travel in the autumn
- Well-filled trade fair calendars in Germany
- International travel still a way to go to 2019 levels
- Weak exchange rates in the UK, Norway and Sweden

Q&A





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