

Year-end 2023 presentation

# Strong end to the year & raised dividend

Liia Nõu, CEO

Anneli Lindblom, CFO

Anders Berg, Head of IR

8 February 2024



# Investment highlights

## A global & growing market

**1** We are active in travel and tourism- a global and dynamic industry with strong structural growth factors.

## Hotel properties only

**2** We invest exclusively in hotel properties and create value through active and engaged ownership.

## Revenue-based leases

**3** We have long-term revenue-based leases with a good guaranteed minimum level with skilled operators.

## Investing for growth & ambitious ESG targets

**4** Profitable project portfolio that increases our organic profit and value potential over the coming years. We are investing in climate change projects with good returns.

## Higher yields & long leases

**5** Portfolio\* with an average valuation yield of 6.24 percent mainly with long leases, and a WAULT of 15 years

\* Per 31 December 2023

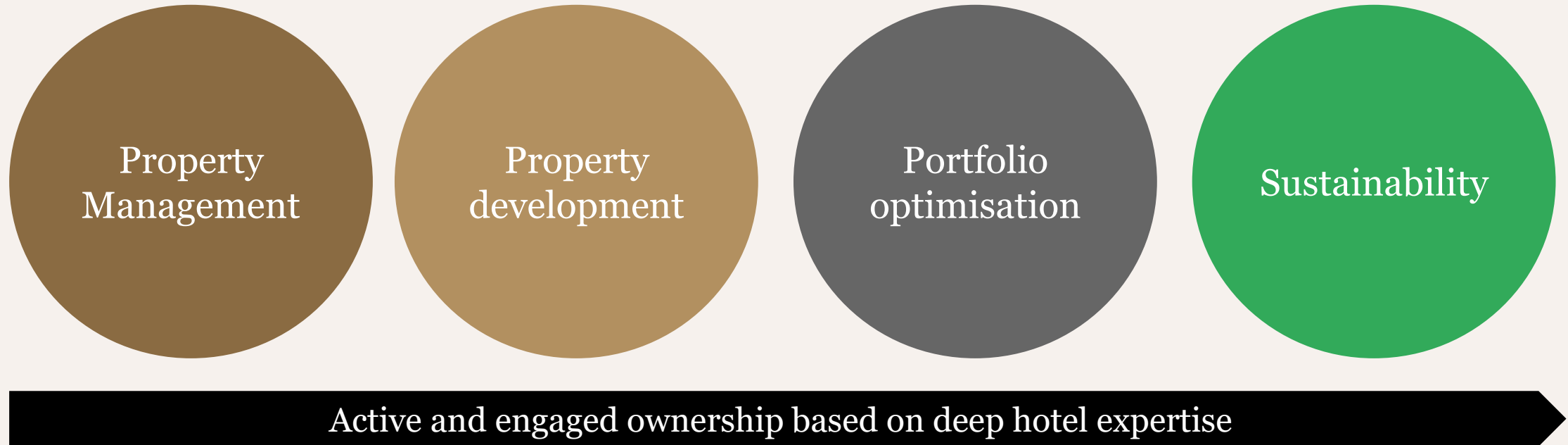
## Low refinancing risk

**6** Only bank financing with strong and positive lender relationships, low refinancing risk and a high hedge ratio.

Strategic position

# Our business model

To own, improve and lease hotel properties to strong hotel operators under long-term revenue-based leases



Strategic position

# Two operational models

Leases  
*Core*

Own Operations  
*Transformation tool*

Strategic position

# A strong and well-diversified business portfolio

## Pandox Group

159  
Hotel properties

35,851  
Rooms

SEK 69.0bn  
Property market value

6.24%  
Yield

MSEK 3,870  
Net operating income

## Leases

139  
Leased properties

30,201  
Rooms

SEK 57.2bn  
Property market value

6.09%  
Yield

MSEK 3,157  
Net operating income

## Own Operations

20  
Operated properties

5,650  
Rooms

SEK 11.8bn  
Property market value

7.02%  
Yield

MSEK 713  
Net operating income

HOTEL  
INDIGO

Scandic

IHG  
InterContinental Hotels Group

adagio  
APARTHOTEL

Mercure  
HOTELS

Hilton  
Garden Inn

Hotel Hubert  
Grand Place

NH  
HOTELS

Axiom  
Hospitality

SIRCLE  
COLLECTION

Radisson  
BLU

Hilton  
HOTELS & RESORTS

CROWNE PLAZA  
HOTELS & RESORTS

LOREDDO  
HOTELS

RHG RADISSON  
HOTEL GROUP

H  
Holiday Inn

The Hotel.  
BRUSSELS

HOTEL  
mayfair

MOTEL ONE

Strawberry

REGO  
HOTELS

ELITE HOTELS  
OF SWEDEN

M  
MEININGER

DOUBLE TREE  
BY HILTON

NOVOTEL  
HOTELS & RESORTS

Scandic GO

Hotel Pomander

Grape  
HOSPITALITY

pullman  
HOTELS AND RESORTS

Dorint  
HOTELS & RESORTS

skylne  
AIRPORT HOTEL

Park  
Centraal  
AMSTERDAM

VIENNA HOUSE  
Easy  
BY WYNDHAM

Hotel Berlin, Berlin

THE QUEENS HOTEL

Citybox

# Strong end to the year and raised dividend

- Stable and positive quarter and year
  - More meetings, increased international travel and higher activity in larger cities
- Solid growth in revenue and NOI
- Cash earnings negatively affected by higher current tax
- Strong cash-flow and solid financial position
  - Loan-to-value of 46.6 percent and ICR of 2.7x (R12M)
- Proposed dividend of SEK 4.00 (2.50) per share
  - Reflects stability and positive outlook
- Product development and new leases increase our growth potential

Quarter in brief

# New leases signed



Hotel Pomander Nürnberg

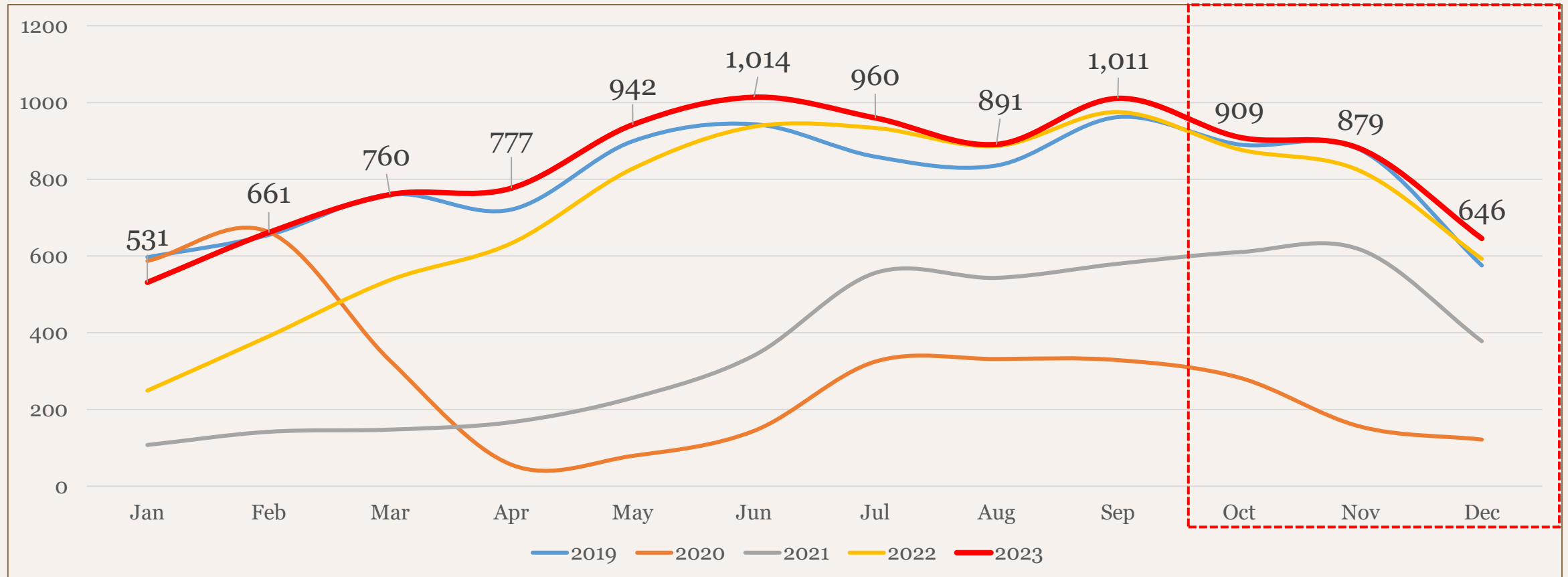
- Scandic Hotels
- Total renovation completed
- Long revenue-based lease with minimum level
- Lease comes into force 1 March 2024



Hotel Mayfair Copenhagen

- Strawberry Hotels with Hobo brand
- Total renovation ongoing
- Long revenue-based lease with minimum level
- Lease comes into force 2025

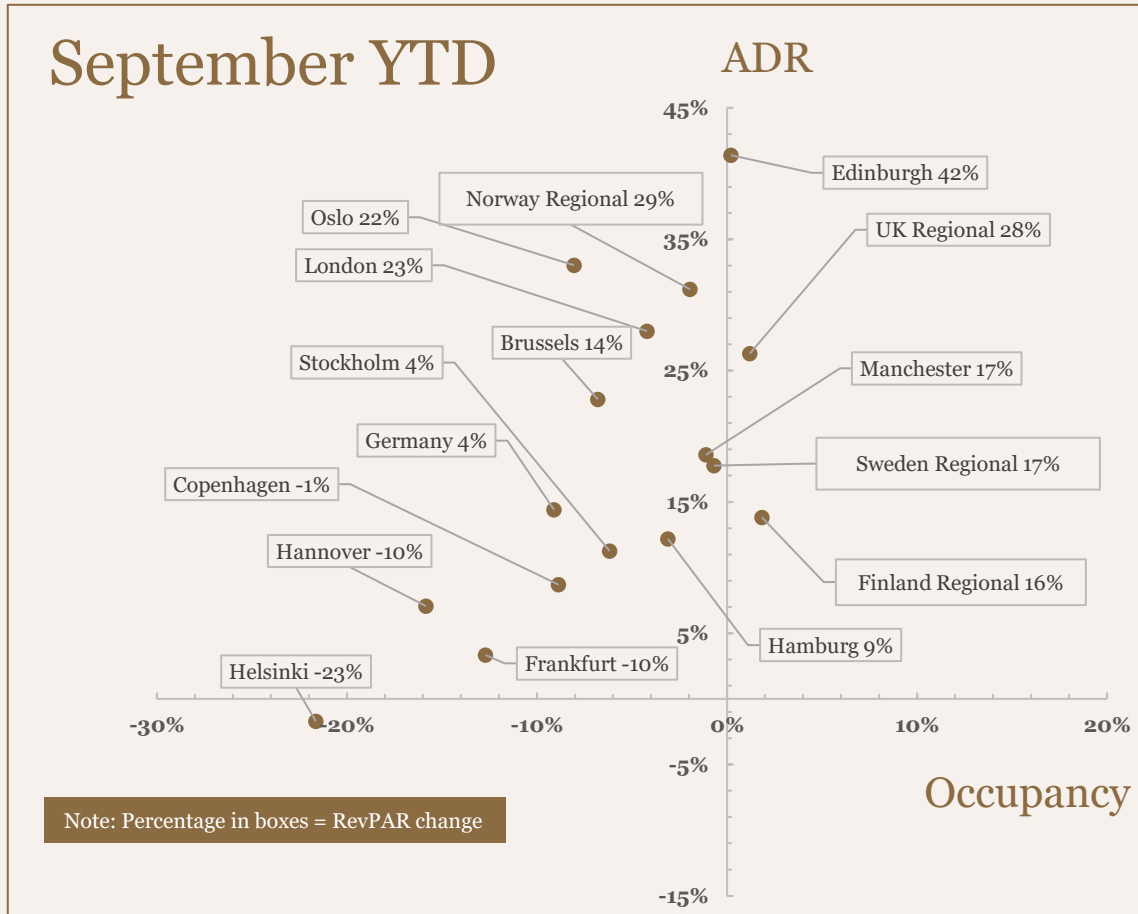
# RevPAR above 2019



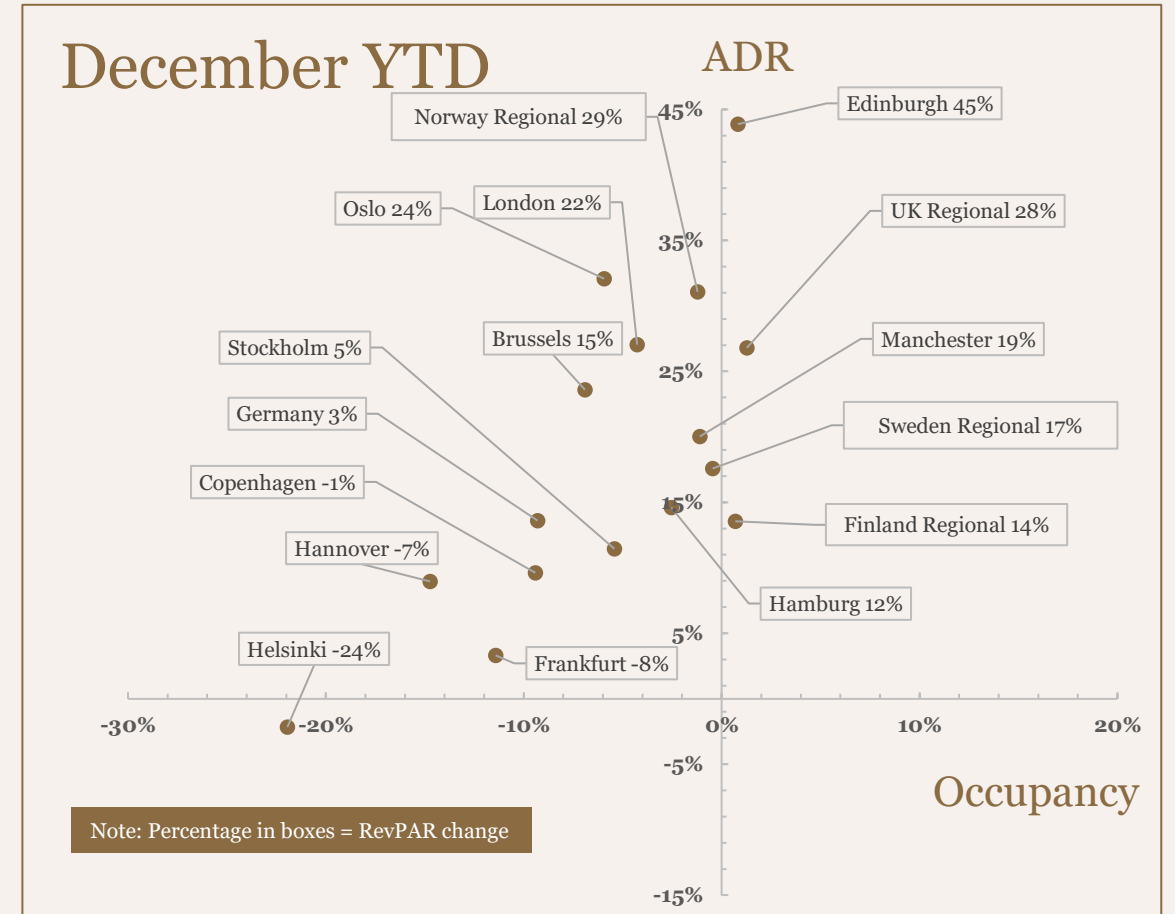


Hotel market development (vs 2019)

# ADR continues to drive RevPAR recovery



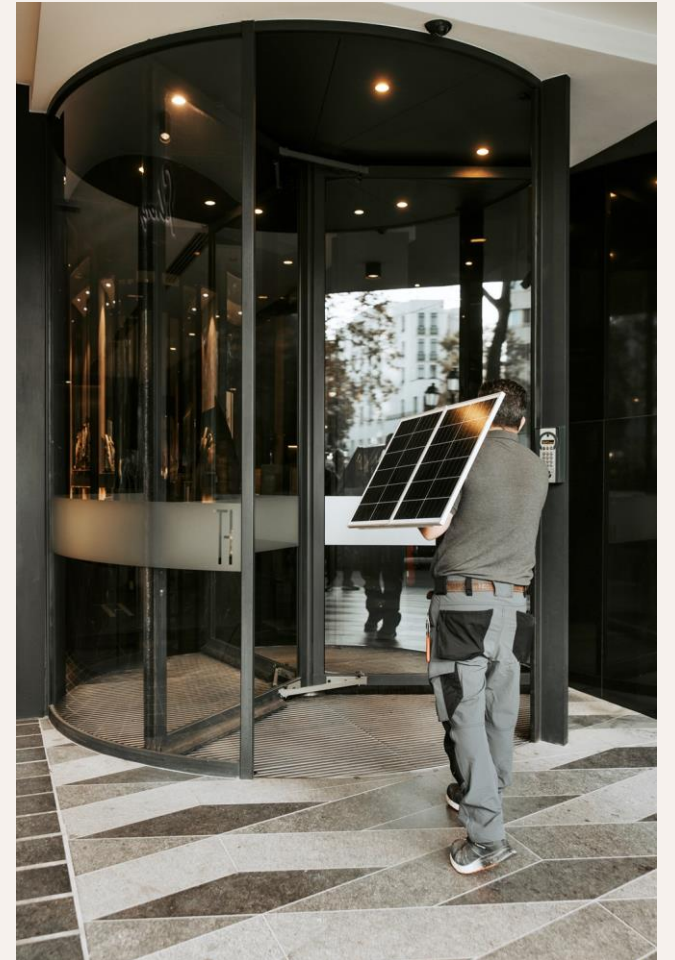
Source: Benchmarking Alliance, STR Global



Source: Benchmarking Alliance, STR Global

# Important steps within sustainability

- Science Based Targets approved by SBTi in November
- Own Operations (Scope 1 and 2): reduction of greenhouse gas emissions by 42 percent by 2030
- Leases (Scope 3): reduction of greenhouse gas emissions by 25 percent by 2030
- MSEK 320 climate transition project for Own Operations to meet the SBTi targets
- Sustainability-linked two existing bank loans with two banks corresponding to approximately MSEK 2,200 in December
- Good conditions to “link” the majority of our loans



High quality project pipeline

# Investing for growth

| Property                           | Location            | Business segment           | Operator   | Type of investment   | Size   | Completed |
|------------------------------------|---------------------|----------------------------|--|--|--------|-----------|
| Hotel Pomander                     | Nuremberg, Germany  | Leases (from 1 March 2024) | Pandox (Scandic from 1 March 2024)               | Total renovation   | Large  | Q3 2023   |
| Radisson Blu Glasgow               | Glasgow, UK         | Own Operations             | Pandox   | Renovation of rooms, public spaces, spa & gym                  | Large  | H2 2024   |
| Hotel Mayfair                      | Copenhagen, Denmark | Own Operations             | Pandox (Strawberry with Hobo brand from H2 2024) | Renovation rooms and public spaces, conversion of public areas | Large  | H2 2024   |
| Scandic Go Fridhemsplan            | Stockholm, Sweden   | Leases                     | Scandic (from H2 2024)                           | Renovation of bathrooms, technical systems. More rooms built   | Medium | H2 2024   |
| Citybox Brussels                   | Brussels, Belgium   | Leases                     | Citybox (from H2 2024)                           | Full renovation of rooms and public areas                      | Medium | H2 2024   |
| DoubleTree by Hilton Brussels City | Brussels, Belgium   | Own Operations             | Pandox   | Extension with 151 rooms                                       | Large  | Late 2025 |

**Adding MSEK +300 in NOI per year by 2026**

*Of which approximately MSEK 130 in 2024*

# Continued strong operational performance

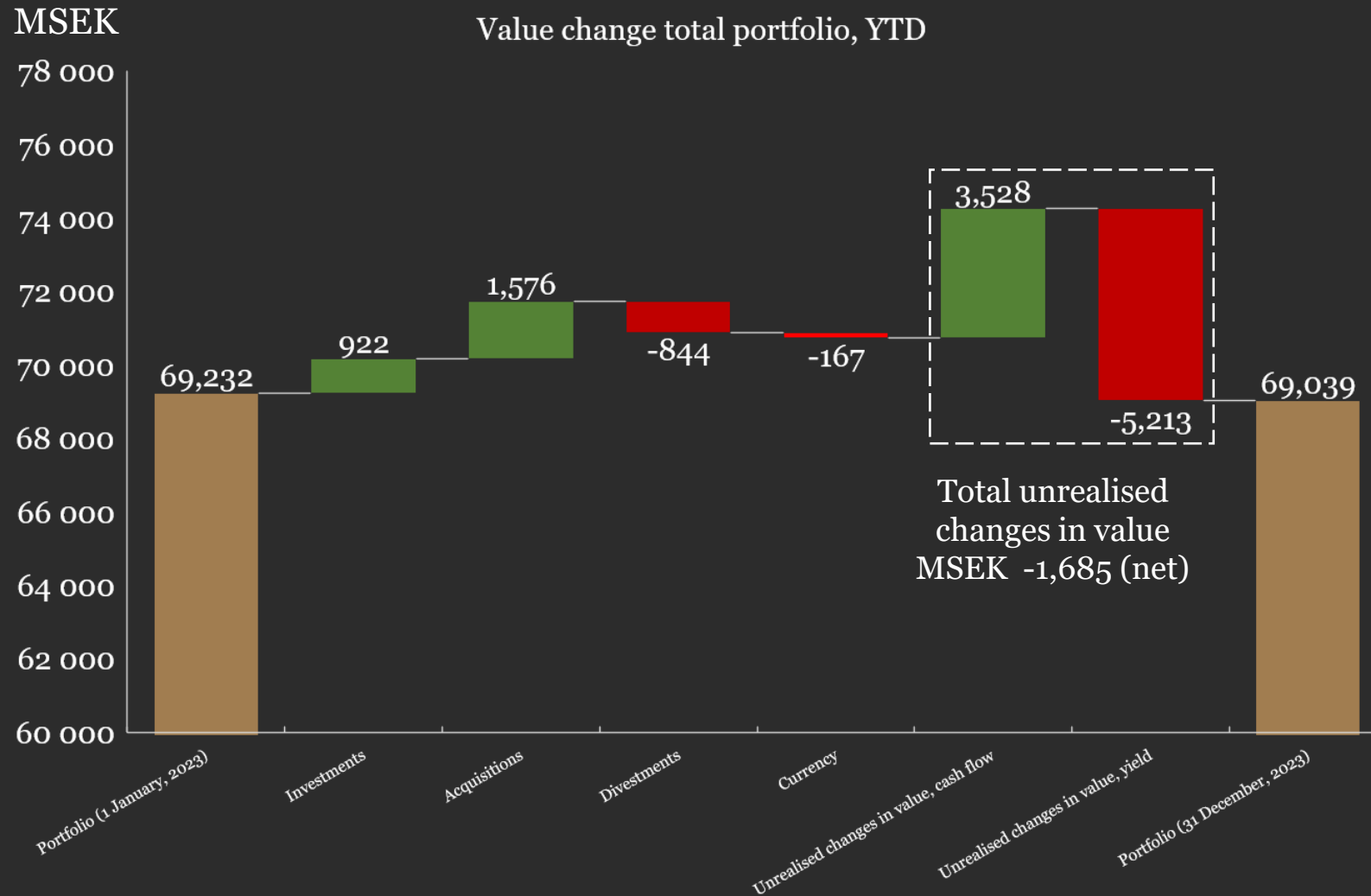
- Continued good LFL growth
- Total revenue-based rents of MSEK 324 (286)
- Continued positive operational momentum
- Cash earnings negatively affected by:
  1. Higher interest expense
  2. Sweden and Norway in tax position
  3. Rules limiting deductible interest

| Revenue and result (MSEK)      | 23Q4  | 22Q4  | YoY  | LFL <sup>1)</sup> |
|--------------------------------|-------|-------|------|-------------------|
| Pandox Group revenue           | 1,838 | 1,623 | 13%  | 8%                |
| Pandox Group NOI               | 989   | 882   | 12%  | 7%                |
| Leases revenue <sup>2)</sup>   | 928   | 848   | 9%   | 7%                |
| Leases NOI                     | 769   | 698   | 10%  | 7%                |
| Own Operations revenue         | 910   | 775   | 17%  | 8%                |
| Own Operations NOI             | 220   | 184   | 20%  | 5%                |
| EBITDA                         | 942   | 829   | 14%  | -                 |
| Profit before changes in value | 460   | 367   | 25%  | -                 |
| Cash earnings                  | 415   | 515   | -19% | -                 |

1) For comparable units adjusted for currency effects

## Property portfolio

# Higher yields offset by higher cashflows



### Comment:

Higher cashflows explained mainly by a strong average price development in major parts of the portfolio

Approximately 90 percent of the properties externally valued in the past 12 months, based on value

### Reclassifications:

Hotel Mayfair Copenhagen (30 June)

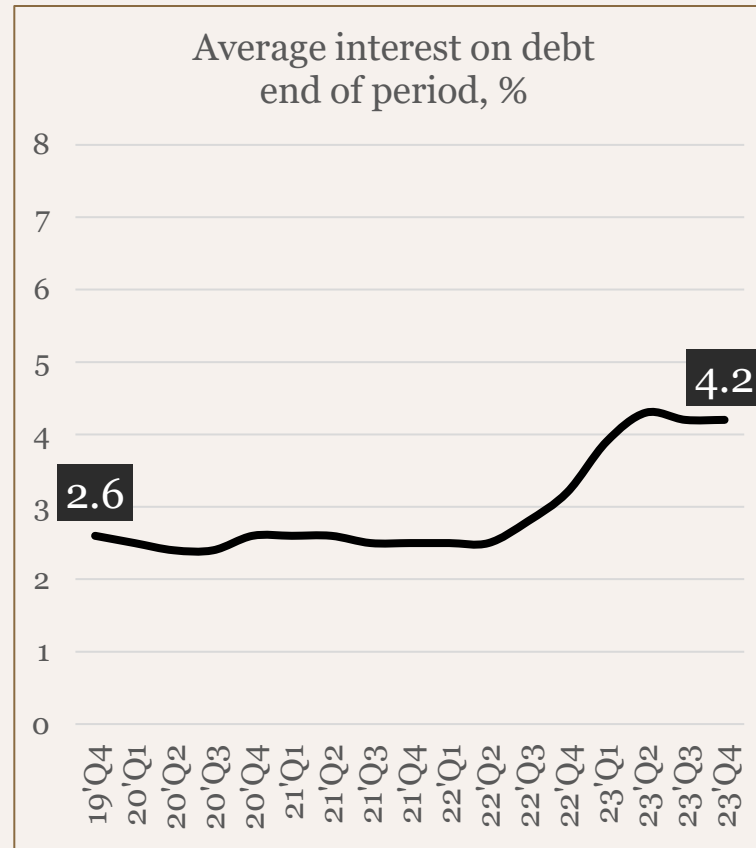
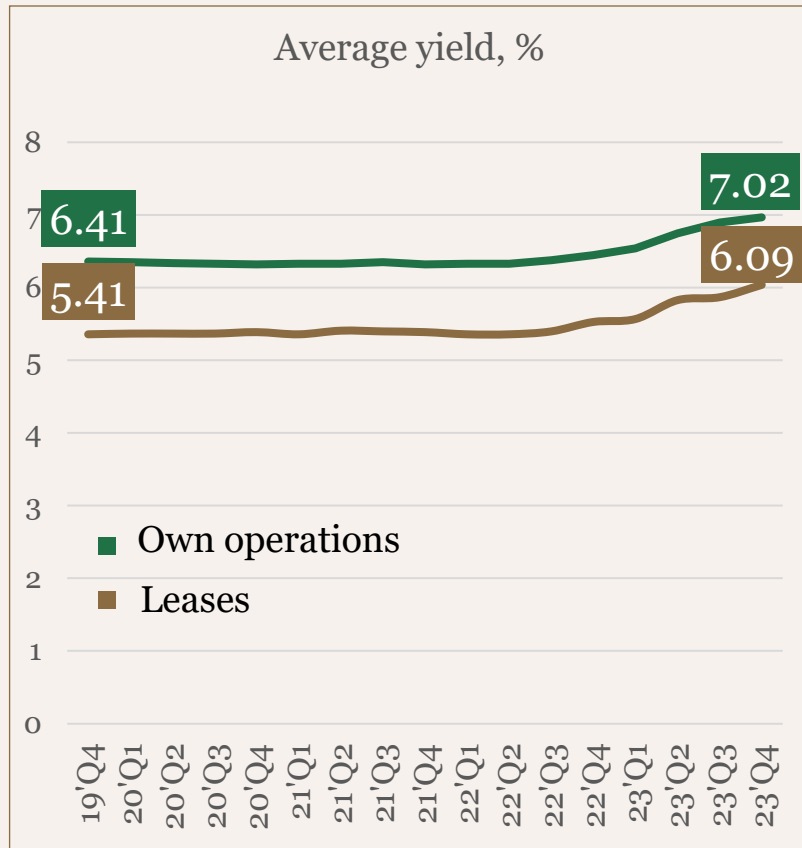
### Acquisitions:

The Queens Hotel Leeds (16 Feb)  
Best Western Fridhemsplan (28 Feb)  
Hilton Belfast (20 Jul)

### Divestments:

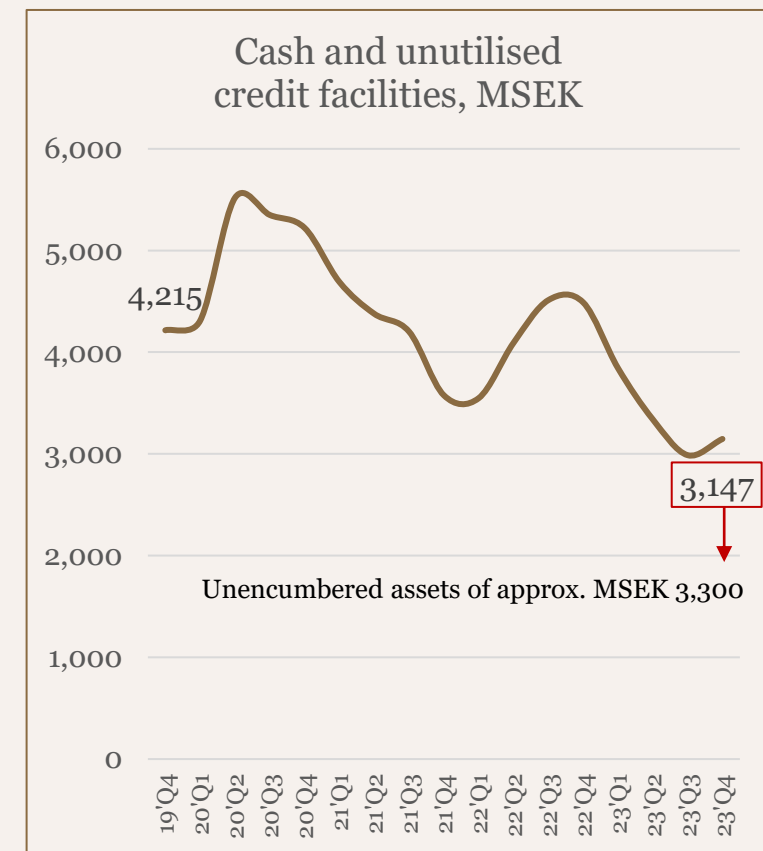
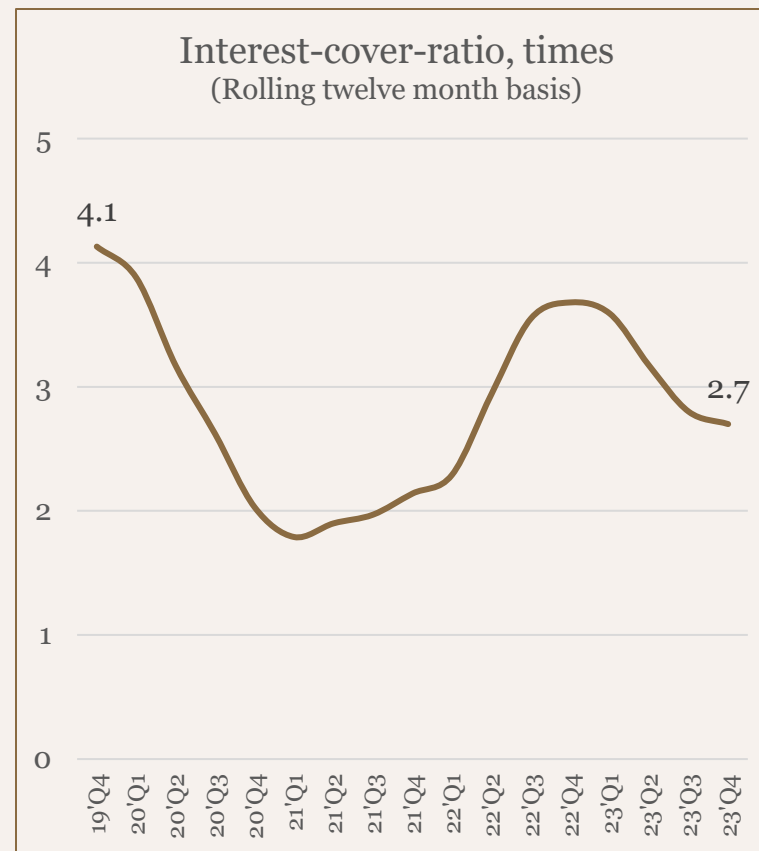
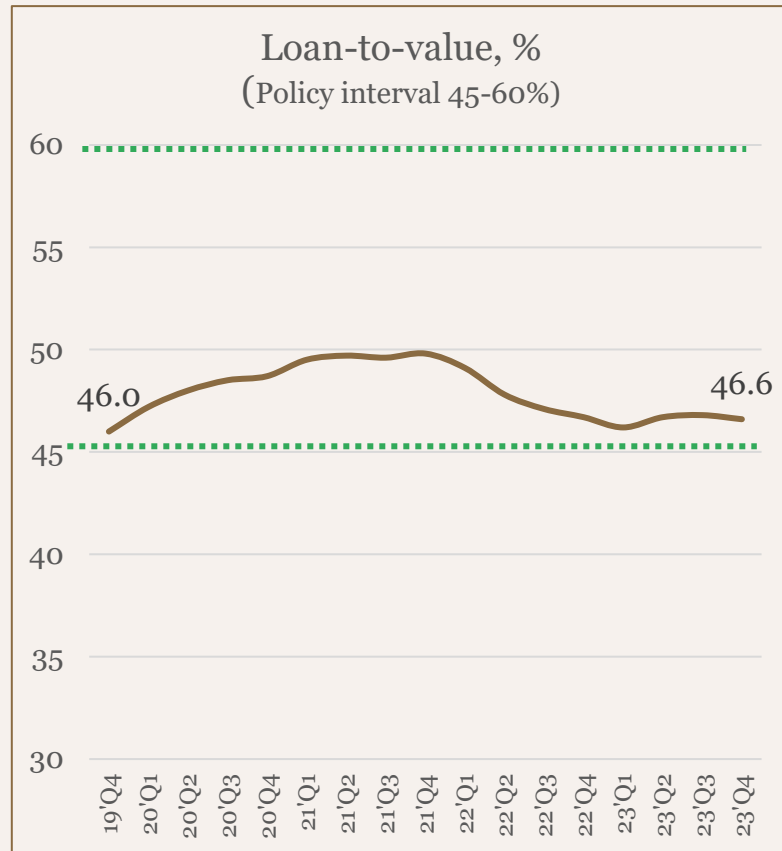
InterContinental Montreal (1 Feb)

# Positive yield gap



## Key financial metrics

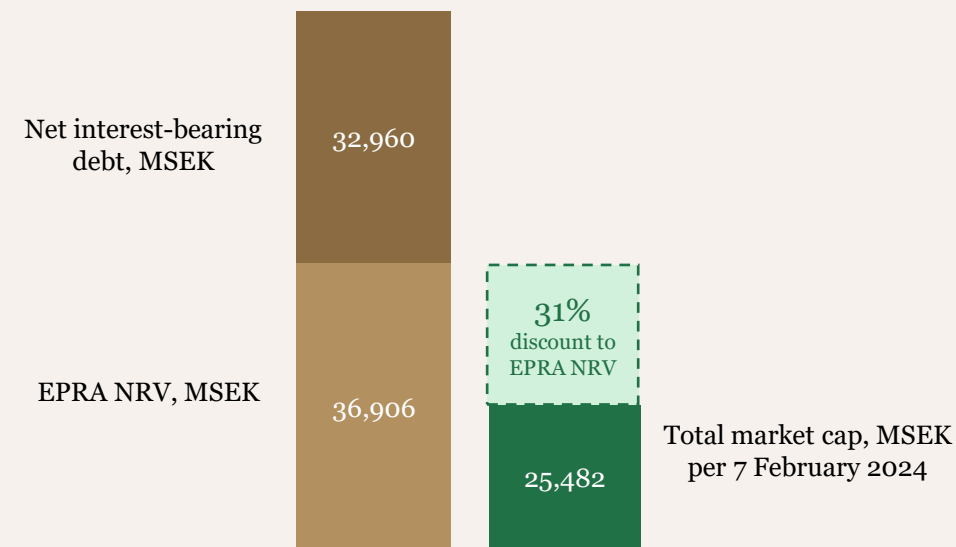
# Stable LTV, resilient ICR and solid cash position



# 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 31 December 2023





# Solid financial position

- Refinancings in the corresponding amount of approx. MSEK 15,337 completed in 2023, where of MSEK 1,527 in Q4
- MSEK 8,760 of debt maturing within one year, of which the two-thirds in H2 2024
- High trust and positive discussions with relationship banks
- Stable credit margins and low refinancing risk
- Approximately 76 percent of net interest-bearing-debt is hedged

| Key metrics (at end of period)              | 23Q4   | 22Q4   | YoY    |
|---|--------|--------|--------|
| Net interest-bearing debt, MSEK             | 32,960 | 33,964 | -0%    |
| EPRA NRV, MSEK                              | 36,976 | 37,694 | -2%    |
| Loan to value, %                            | 46.6   | 46.7   | -0.1pp |
| Interest cover ratio, times                 | 2.6    | 3.1    | -0.5   |
| Interest cover ratio (R12M), times          | 2.7    | 3.7    | -1.0   |
| Average interest on debt, %                 | 4.2    | 3.2    | +1pp   |
| Average fixed rate period, years            | 2.3    | 1.7    | +0.6   |
| Cash and unutilised credit facilities, MSEK | 3,147  | 4,489  | -30%   |

# Positive tone for 2024

- › Some RevPAR growth expected in 2024
- › Strong event calendar in Europe with Euro 2024 in Germany and Olympic games in France
- › Business on the books so far higher than same time last year
- › Companies plan to increase their travel budgets 2024
- › Lower inflation and (hopefully) lower interest rates positive for household spending
- › Certain negative Easter impact in some markets in the first quarter
- › Geopolitics the largest risk

# Q&A





Pandox AB (publ)

Box 15

SE-101 20 Stockholm

Sweden

Tel: +46 8 506 205 50

[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.