



Host Property Market update August 2022

24. August 2022





Host Property – Highlights August 2022

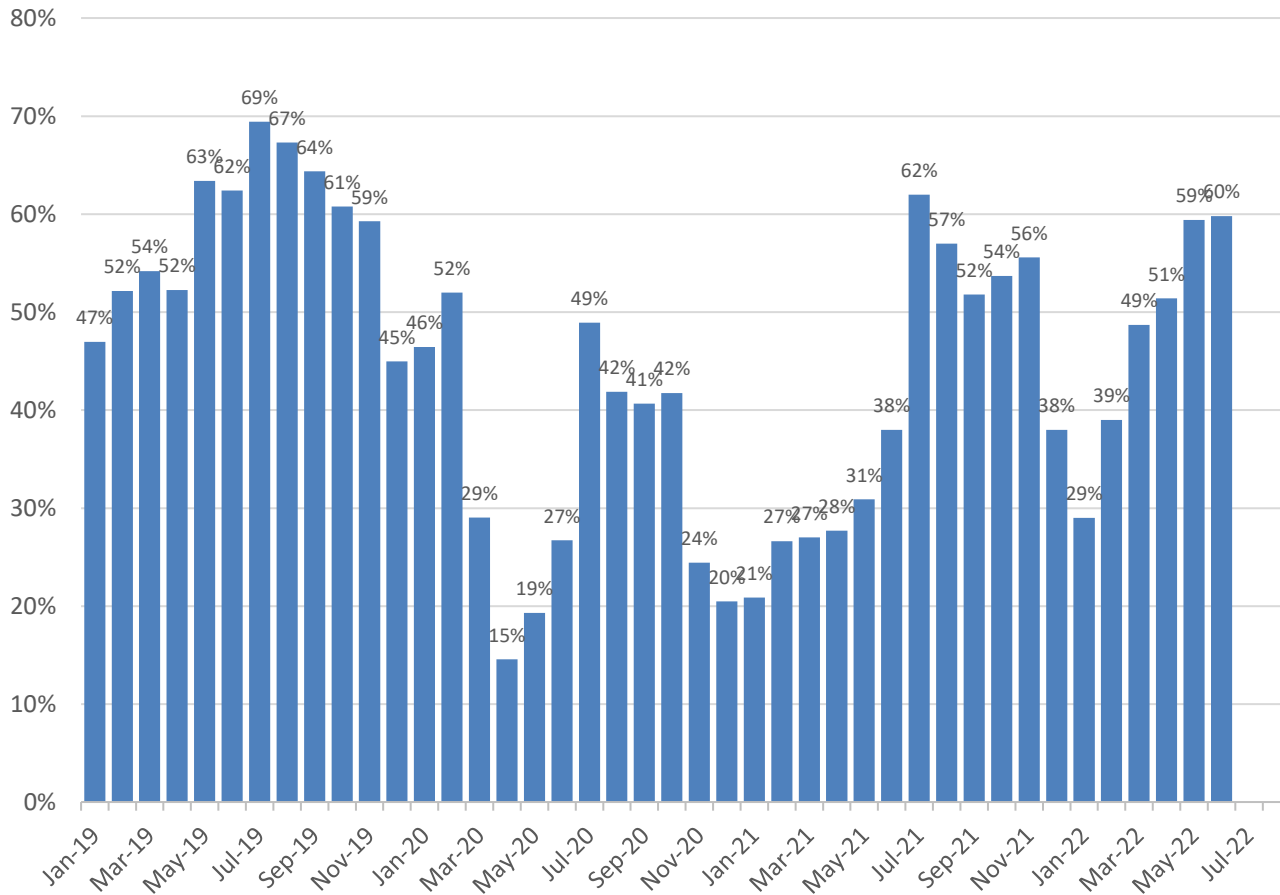


Strong development

- Strong market development year to date – hotel market activity above pre-COVID-19 levels in main markets
- Strong Host Property development – 2022 YTD REVPAR 14% above 2022 (“normalized”) levels
- 14 months of revenues (REVPAR) in line or above pre-COVID-19 levels
- Strong development in cash flow from hotel operations (tenants) and Host Property
- Stronger profitability and cash flow in Host Property than before COVID-19 – including more efficient operations



Hotel markets statistics – Sweden (Tilvaxtverket)

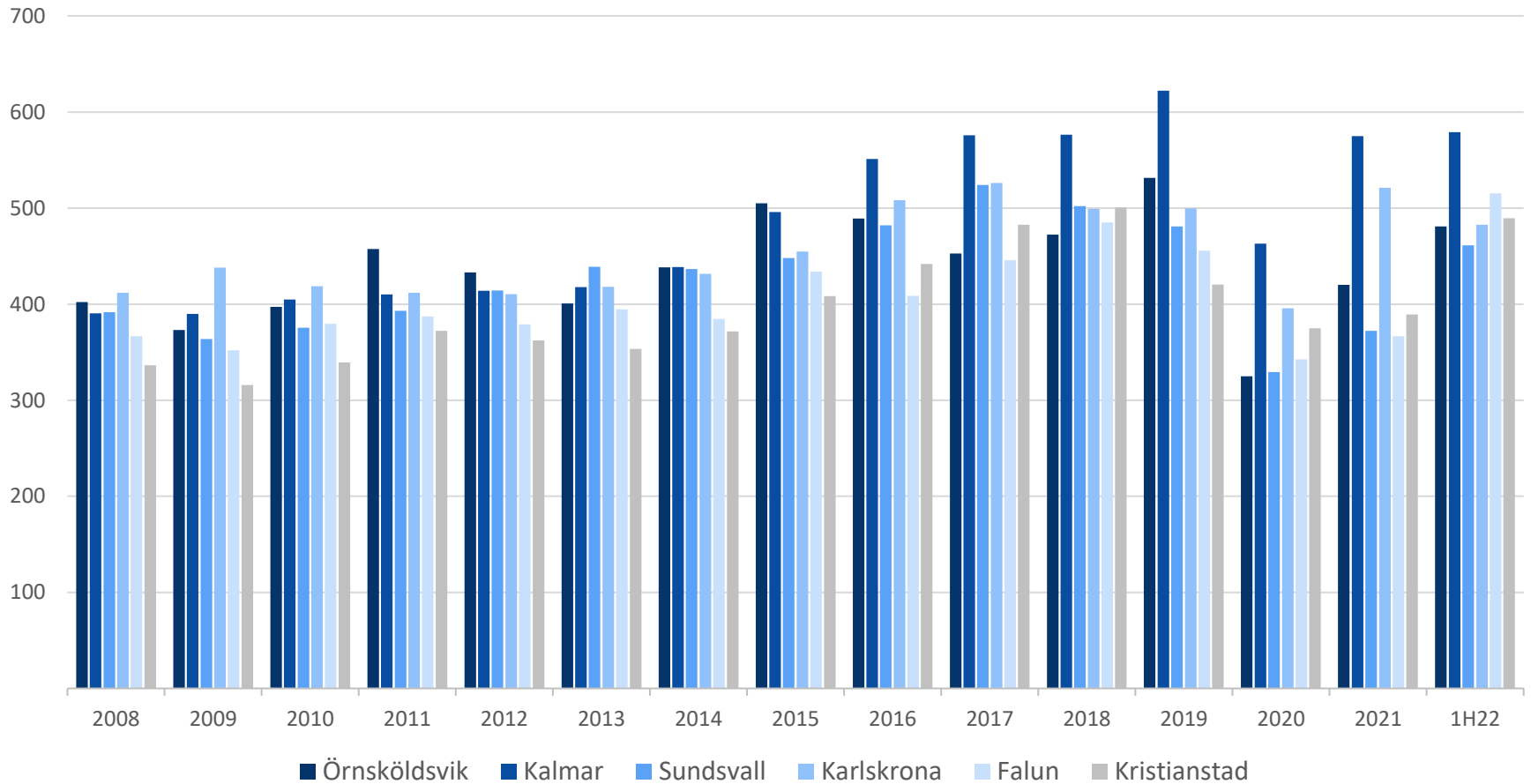


Comments

- Positive market development 2022 year to date after short term dip in market in January and February 2022 (omicron)
- Strong market development in July and August 2022 (data not released yet)
- Strong market updates from peer hotel operators and owners during the second quarter and summer of 2022



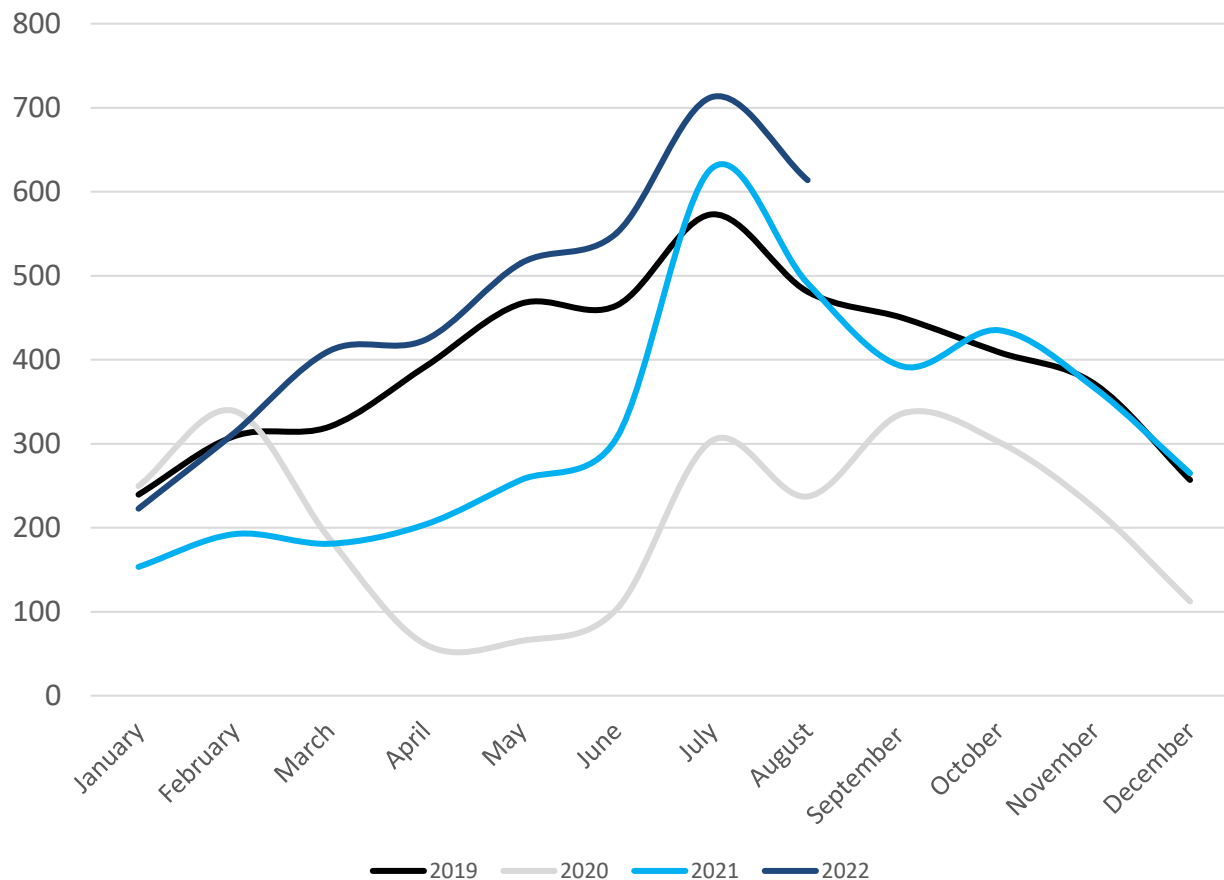
REVPAR LOCAL MARKETS - REGIONS



Source: Tilvaxtverket. Revenues per available room. No data available for Härnösand and Söderhamn.



HOST PROPERTY – REVPAR SEK

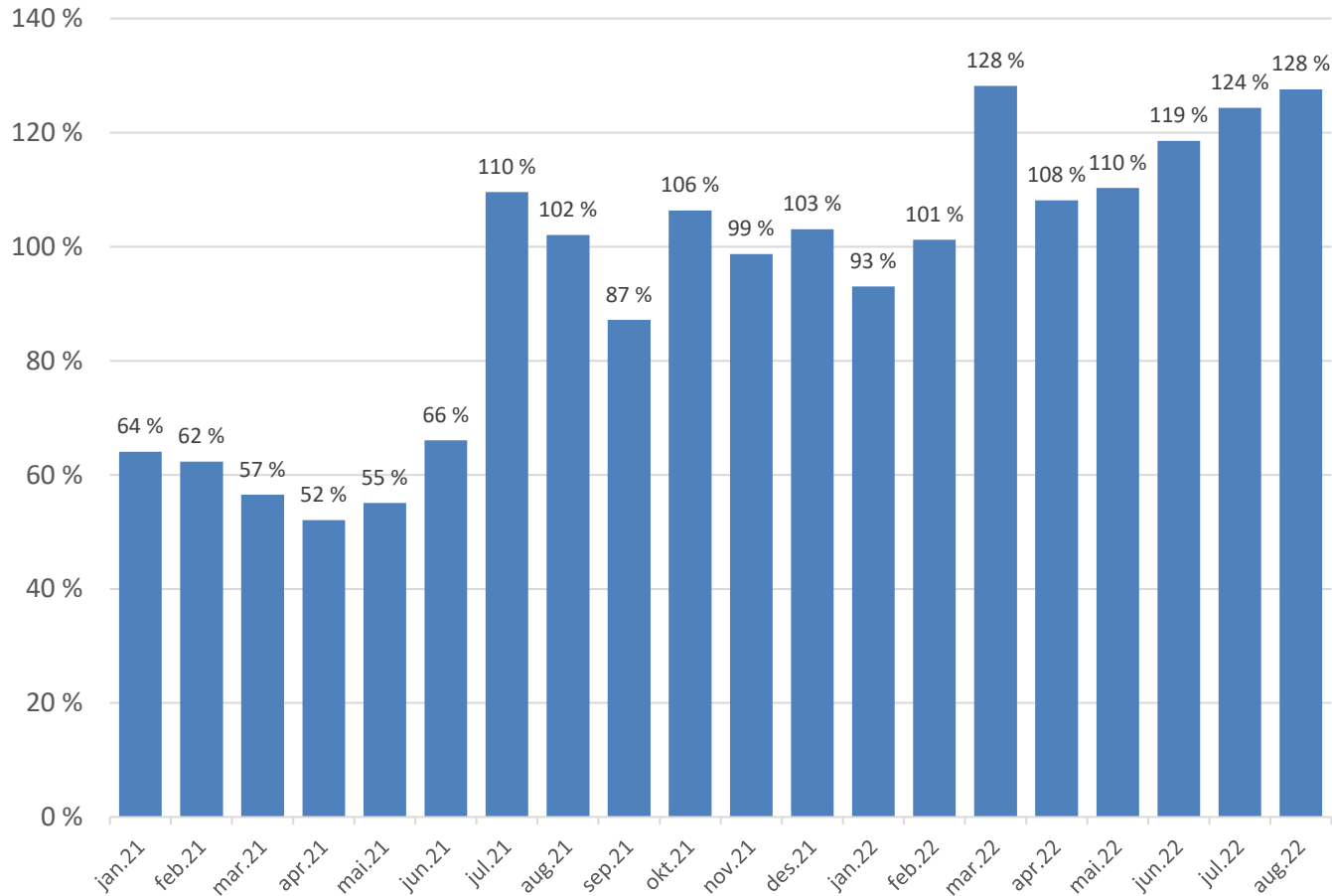


REVPAR Host Property

- Strong development in revenues (REVPAR) from June 2021 to current date (August 15, 2022)
- Revenues in line or above “normalized markets” for 14 months and counting
- REVPAR 2022 YTD is 14% above 2019 levels
- Strong development during the summer and August 2022
- Strong bookings going into the fall



HOST PROPERTY – REVPAR – COMPARED TO NORMAL MARKETS (2019)



REVPAR Host Property

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HOTEL OPERATION P&L – MONTHLY FIGURES – FREE AND CLEAR RENT CAPACITY

2022E (SEKm)	Jan.	Feb.	March	April	May	June	July	August	Sept.	Oct.	Nov.	Dec.	2022E Total
Operated hotels													
ADR	667	714	743	711	759	831	976	881	810	844	833	810	811
RevPar	217	304	418	404	503	540	713	614	455	429	421	320	446
Occupancy	33 %	43 %	56 %	57 %	66 %	65 %	73 %	70 %	56 %	51 %	51 %	39 %	55 %
Total sales	7,2	9,1	14,3	13,6	17,1	17,1	22,2	19,7	14,7	15,4	13,9	11,4	174,8
Total costs	-8,9	-9,0	-9,8	-10,7	-11,7	-12,2	-13,0	-12,1	-10,6	-10,3	-10,4	-9,9	-128,7
EBITDA (GOP - rent capacity)	-1,7	0,1	4,5	3,0	5,3	4,9	9,2	7,7	4,1	4,2	3,4	1,4	46,1
Söderhamn ext. rental income													3.5
External tenants rent (min. rent)	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	5.0
Other / Adjustments													3.0
Total rent (free and clear)	Reported P&L figures YTD including July, 2022, and revenue figures YTD including August 23, 2022								Strong bookings for the remainder of the year				57.6

Strong cash flow and visibility on 2022E figures

- Strong cash flow from hotel operations (and other tenants) during the second half of 2021 and 2022 year to date – In line or above “normalized markets” / 2019
- Total rent SEK 57.6m for 2022E based on free and clear cash flow from operations – and rent capacity (all of the hotel operating companies operating at a neutral result, no negative EBIT results) + Söderhamn external rental income and other commercial rental income – 2022E monthly figures from January to and including July reported figures, revenues and cost figures, and revenues for August based on reported August figures (until 23. August) >75% of 2022E revenues and costs reported or booked - high quality of revenues and EBIT estimates
- Estimated SEK 42-43 million in EBIT for property owner (Host Property) for 2022E based on the free and clear cash flow from operations
- Strong bookings for the remaining of the year compared to normalized markets
- 14 months of activity (revenues and EBIT) in line with or above “normalized markets” / 2019
- Strong cash flow from operations also during the second half of 2021 approx. SEK 50 million annualized free and clear cash flow, including other commercial rent



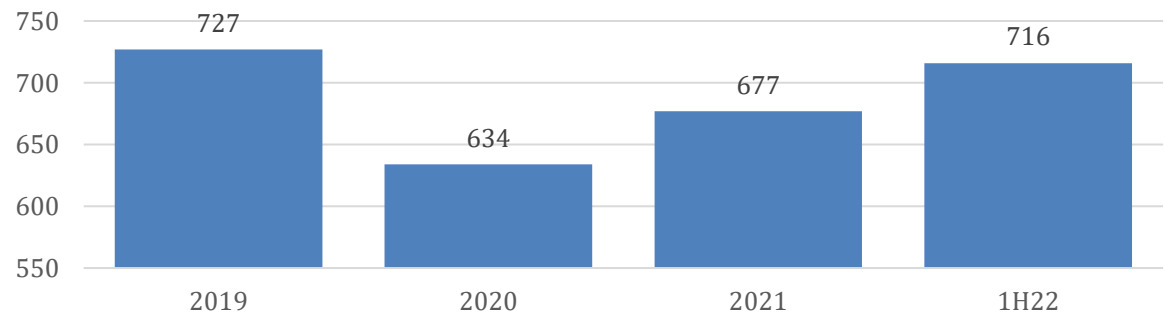
KEY HOTEL PROPERTY AND LEASE FIGURES

Key hotel portfolio facts

- The property portfolio is externally valued at SEK 716 million, June 30, 2022
- Values are up 6% compared to the 2021 year-end valuation. The major factor for the value increase is expected stronger cash flow going forward
- Last valuation based on Nordic Hotel Consulting (NHC). NHC and Cushman & Wakefield external valuation over the last years
- Valuations based on “AS IS valuations” on current cash flow and standard
- Average value per room is SEK 0.7 million and value per m² SEK 8 167 – below market average and replacement cost
- The 1H22 valuation is still below the 2019 (Pre-COVID19) valuation despite substantial investments in the portfolio and expected stronger cash flow going forward compared to 2019
- In addition to the 9 hotel properties, the Jessheim plot is part of the security package – the plot is valued at NOK 127 million based on the external valuation – Total value is SEK 843 million

Property valuation – as of June 30, 2022 (SEKm)

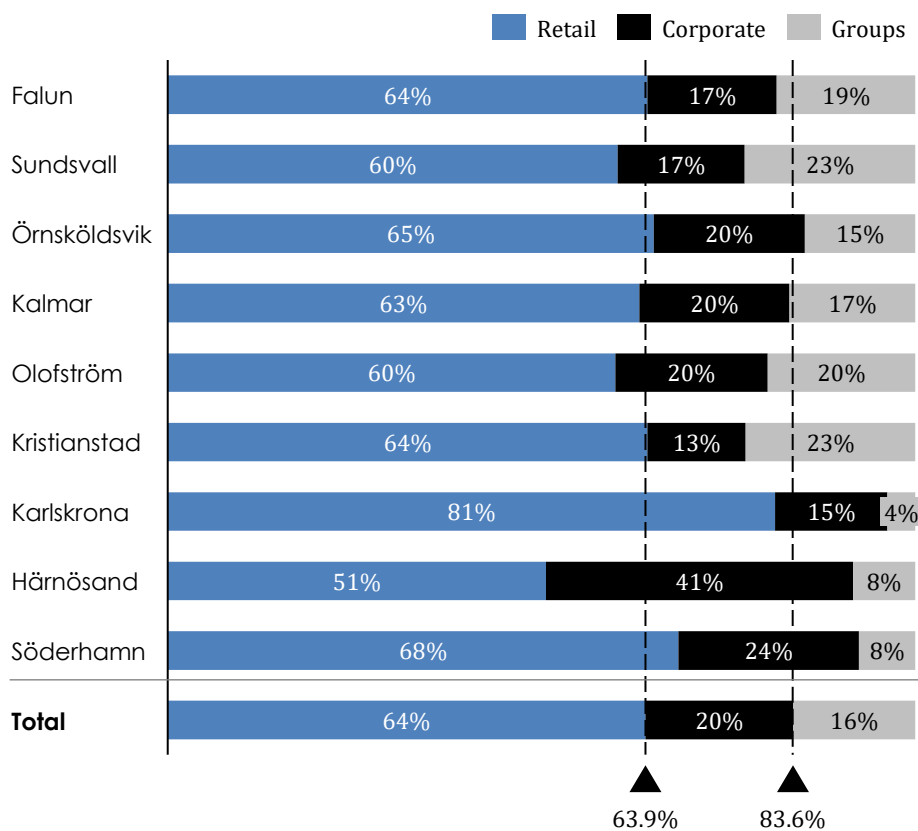
Property	Location	Rooms	m ²	Value*	Value per room	Value per m ²	Lease duration
First Hotel Grand	Falun	191	16 158	176m	0.9m	10 892	31-12-28
First Hotel Strand	Sundsvall	203	11 280	159m	0.8m	14 096	31-12-30
First Hotel Statt	Örnsköldsvik	115	9 472	67m	0.6m	7 073	31-12-27
First Hotel Witt	Kalmar	112	9 130	86m	0.8m	9 529	31-12-29
First Hotel Olofström	Olofström	60	2 955	26m	0.4m	8 799	31-12-28
First Hotel Christian IV	Kristianstad	87	5 500	62m	0.7m	11 273	31-12-30
First Hotel Statt	Karlskrona	107	11 857	55m	0.5m	4 639	31-12-27
First Hotel Stadt	Härnösand	78	9 125	56m	0.7m	6 137	31-12-26
First Hotel Statt	Söderhamn	79	12 194	28m	0.4m	2 296	30-09-24
Total	9	1 031	87 671	716m	0.7m	8 167	> 6 years





The guest mix at the properties is dominated by retail (leisure travel)

Guest mix per hotel (% of total rooms sold)



Description

- Retail segment consists of all individual leisure and corporate guests that book without a company agreement or discount
- The corporate segment is all room nights booked by a company with a discounted rate at the property
- Groups can be conference groups spending the night, leisure groups or business groups.
- Low share international travel (below 5% on aggregate level)



Host Property - Taking action and securing values for all stakeholders

History, present and going forward	Actions
Host Hoteleiomod has since the outbreak of COVID-19 taken a number of actions to secure and regain values for the company, debt holders and other stakeholders	
<ul style="list-style-type: none">Regaining ownership of the former Tribe Hotels (operator) was important in order to execute strategic aligned plans for both the operations and hotel property values	✓ A
<ul style="list-style-type: none">Reducing costs both for the hotel operations and the hotel property companies during the COVID-19 period and renegotiated agreements in connection with the reconstruction and reorganization	✓ A
<ul style="list-style-type: none">During the last two years, Host Hoteleiomod sold four properties at transaction prices at or above 2019 levels to improve the cash position for the group and strengthen Host's financial position	✓ A
<ul style="list-style-type: none">Works actively to improve the hotel operations and cash flow on both the hotel areas and other commercial spaces; detailed plans on how to allocate available cash for day-to-day capex and rent improving activities have been established	✓ A
<ul style="list-style-type: none">Actively investing in the hotel properties to secure and increase the future revenue potential. Host has invested SEK 150 million at Hotel Reisen, 30 million at Sundsvall during the last years, in addition to necessary renovation at the other hotels	✓ A
<ul style="list-style-type: none">The hotel market continues to improve, and the Host portfolio sees continued underlying growth in activity and revenues	➔



Hotel Statt, Karlskrona



Hotel Christian IV, Kristianstad



Stadshotellet, Örnsköldsvik



Host Property AB
2022

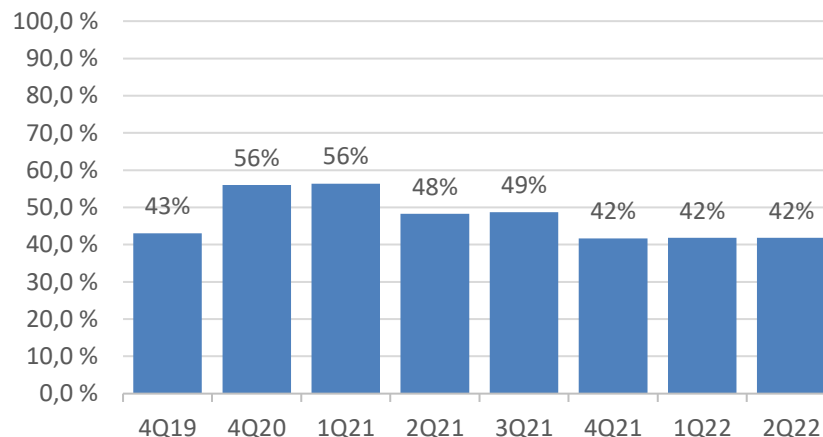


Host Property – Key debt figures 2Q22

Status at 2Q22

- Market value at SEK 804 million according to the external valuation (31/12-21). Next valuation available in August 2022
- Loan to value at 41.8% - After restructuring and asset sale – LTV lower than Host Property pre-covid-19 valuations
- SEK 16 million remaining on the CAPEX-account
- Host Property received SEK 50.8 million in cash (“Received Cash” according to amended T&C) during the Reference Period (last four quarters)
- Cash interest coverage ratio was 203%

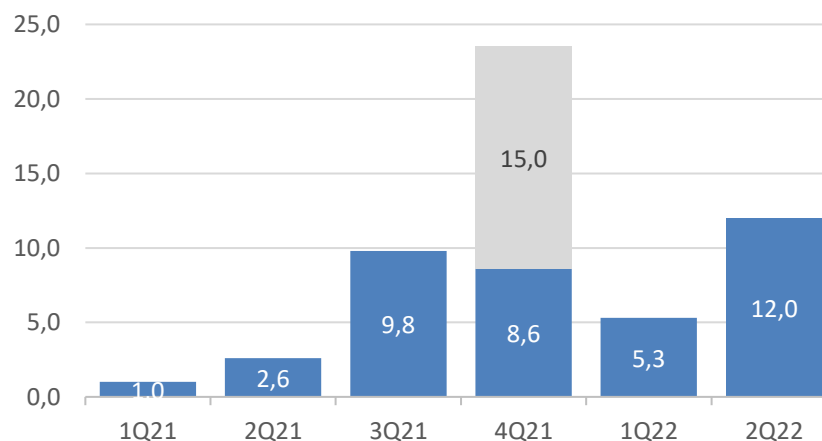
Loan to value (according to amended T&C)



Positive revenue development during the quarter

- Strong development during the 2Q22 – 4 quarters with “normal hotel activity”
- Sale of Billingeus increased the cash revenues during the 4Q 2021. Net proceed after down payment of bond loan SEK 15.0 million
- Do note that 4Q and 1Q are historically the seasonally weakest quarters and 2Q and 3Q the seasonally strongest quarters
- Cash rental payment for June 22, to be paid in 3Q22
- **Overall: Strong underlying revenue development**

Cash revenues / rental per quarter (SEKm)





Profit and Loss Host Property AB consolidated Q2 2022 (SEK 1.000)	Group	
	2022 - Q2	2021 - Q2
OPERATING INCOME		
Rent income	21 235	3 648
Other operating income	0	0
Total operating income	21 235	3 648
OPERATING COSTS		
Other operating expenses	8 613	8 335
Total operating costs	8 613	8 335
Operating profit (EBITDA)	12 622	-4 687
Depreciation and write-down of fixed assets	5 094	4 196
Operating profit (EBIT)	7 528	-8 883
Financial income and expenses		
Other interest income	1 292	2 960
Other financial income	0	0
Income from investment in subsidiaries and joint ventures	0	0
Other interest expenses *	11 354	15 545
Other financial expenses **	10 860	4 985
Net financial result	-20 921	-17 570
Ordinary profit before tax expense	-13 394	-26 453
Taxes	597	142
Ordinary result	-12 796	-26 311
Profit for the year	-12 796	-26 311



Balance sheet

Assets

	2022	Group 2021
FIXED ASSETS		
INTANGIBLE FIXED ASSETS		
Deferred tax assets	0	0
Total intangible fixed assets	0	0
TANGIBLE FIXED ASSETS		
Buildings and land	536 872	547 938
Machinery and equipment	5 972	0
Projects	58 969	56 388
Total tangible fixed assets	601 814	604 326
FINANCIAL FIXED ASSETS		
Total fixed assets	601 814	604 326
CURRENT ASSETS		
RECEIVABLES		
Accounts receivables	6 415	4 823
Accounts receivables Group companies	43 802	44 000
Other short-term receivables	7 584	6 840
Prepaid costs	4 856	11 850
Total receivables	62 656	67 513
CASH AND BANK DEPOSITS		
Cash and bank deposits	43 804	40 683
Total cash and bank deposits	43 804	40 683
Total current assets	106 460	108 196
TOTAL ASSETS	708 274	712 522

Balance sheet

Equity and liabilities

	2022	Group 2021
EQUITY		
PAID-IN CAPITAL		
Share capital	500	500
Share premium reserve	0	0
Total paid-in capital	500	500
RETAINED EARNINGS		
Other equity	256 072	269 171
Total retained earnings	256 072	269 171
Total equity	256 572	269 671
LIABILITIES		
PROVISIONS		
Deferred tax liabilities	84 462	84 757
Total provisions	84 462	84 757
OTHER LONG-TERM LIABILITIES		
Liabilities to financial institutions	0	0
Loans from Group companies	0	0
Other long-term liabilities	346	0
Total other long-term liabilities	346	0
CURRENT LIABILITIES		
Other short term liabilities	352 960	349 070
Accounts payable	2 078	4 987
Tax payable	0	0
Dividends	0	0
Other short term liabilities Group companies	0	0
Public duties payable	2 340	0
Other short-term liabilities	9 514	4 057
Total current liabilities	366 893	358 094
Total liabilities	451 702	442 851
TOTAL EQUITY AND LIABILITIES	708 274	712 522



Cash Flow Statement	Group
	2022 - Q2
Cash flow from operational activities	
Net income before tax	-13 394
Depreciation	5 094
Financial expenses	9 730
Change Accounts receivable	-1 592
Change in accounts payable	-2 889
Change in group balances	-545
Change in other time-limited items	6 717
Net cash flow from operational activities	3 121
Cash flows from investing activities	
Investments in property and equipment	
Sold shares	
Change in long term receivables	
Net cash flow from investing activities	0
Cash flows from financing activities	
Reductions in long-term debt	
Dividends/ group contributions	
Net cash flow from financing activities	0
Net change in cash and cash equivalents	3 121
Cash and cash equivalents 01.01	40 683
Net cash and cash equivalents	3 121
Cash and cash equivalents 30.06	43 804