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Host Property AB

Market update

9. October 2020



STATUS HOST PROPERTY AND HOTEL MARKET

Market update travel industry

- A number of sectors have recovered during the last months after the lock down in March and April 2020. Still, the travel- and hospitality sectors are running at continued historic low levels even though the levels are somewhat above the bottom levels in March and April 2020. International travelling is still almost non-existing
- According to the Ministry of Health and Services (Norway), the best-case scenario to vaccinate a sufficient part of the population has an estimated timing of minimum 12 months (fall of 2021) – Substantial risk of process taking longer time

Hotel operator update

- The hotel operating companies (Tribe Hotels) for the Host Property hotels went into reconstruction in late June 2020 - The reconstruction is still ongoing
- During July 2020, Host Hoteleiemdom took 100% ownership of the operations at Tribe Hotels, including the operations at the nine Host Property hotel properties
- It was important for Host Hoteleiemdom to take action and ownership to continue operations and secure values at the hotel properties during this historic challenging time

Host Property update

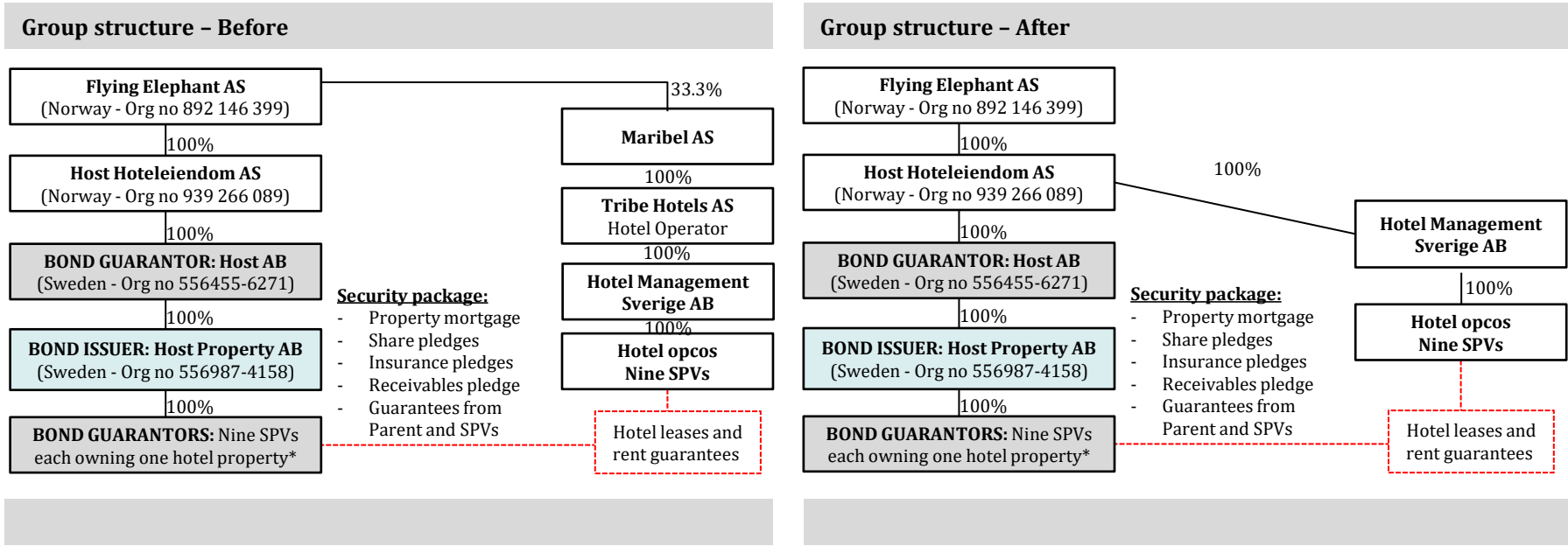
- Host Property is working closely with the hotel operating companies and the court approved reconstructor to achieve the best possible result for Host Property and the bondholders
- In connection with the 3Q2020 report, Host Property will audit the figures YTD to conduct a detailed update of the figures and evaluation of revenues, balance sheet and cash flow items. The process will also be updated with the latest status from the reconstructor, even though the process is not yet concluded, and the fact that the reconstruction on October 9, 2020 was extended to December 24, 2020

Host Property bond amendment process

- Since the outbreak of COVID-19, the primary goal and strong commitment for Host Property have been to secure values for the Host Property portfolio for both shareholders and bondholders
- Host Property has during this period been active cutting costs, taken control of the operations of our hotels and working actively with potential new external hotel operators
- Host Property needs to invest to secure and build value. When the market comes back, which we believe it eventually will, we will be ready



GROUP STRUCTURE BEFORE AND AFTER – SECURITY PACKAGE



- During 2019, the Flying Elephant Group AS was a 33% financial investor in Maribel AS
- Maribel AS was established in December 2018 as a merger between hotel operating companies Tribe Hotels (Nordics) and Belvar (European) plus franchise company First Hotel

- In July 2020, Host Hoteleiendom took 100% ownership of the Tribe Hotels operating companies and First Hotels
- As part of the transaction, Host Hoteleiendom took ownership of the nine hotel operating companies operating the Host Property hotel properties
- The ultimate owner, Flying Elephant AS has owned the Tribe Hotels operating companies since the 1990-ties and has long term knowledge of the operations

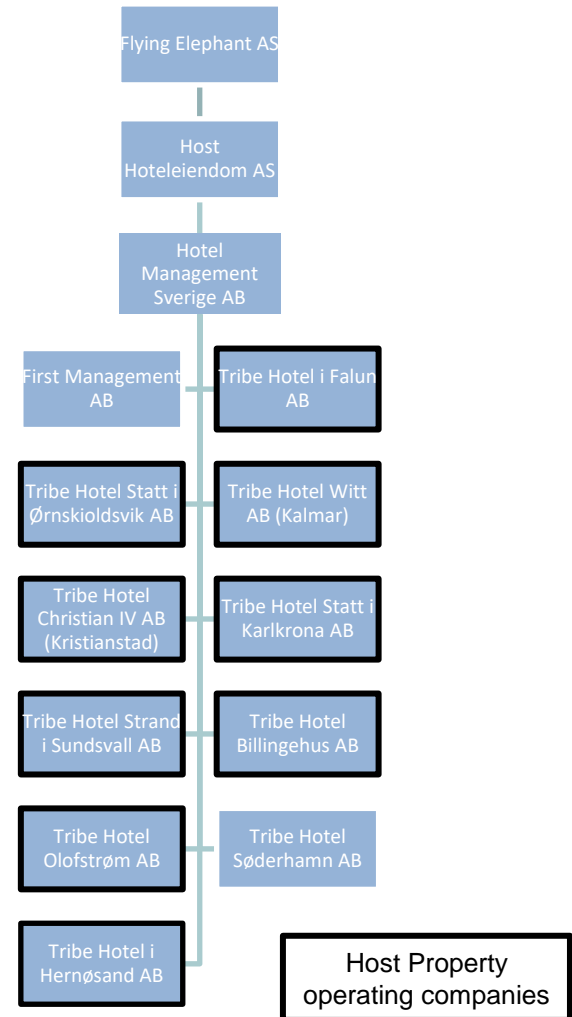


RECONSTRUCTION PROCESS - SUMMARY

Reconstruction process

- The reconstruction process of the “Tribe Hotels” operating companies was initiated on June 24, 2020
- Reconstruction is a legal process to avoid bankruptcy for companies that have payment difficulties, but which have good long-term prospects
- During the reconstruction, the company is given a certain amount of time to restructure and rebuild its finances and operations, and no bankruptcy or action by creditors may be initiated during this period.
- The process takes place step by step according to a planned process as set out in the law and is done in cooperation with a reconstructor approved by the court
- The goal of the reconstruction is to resolve a composition of the company’s debt, which can be done by majority decision among the creditors
- The reconstruction further allows the company to prematurely terminate unprofitable agreements and also releases government support for wages
- The payments from the operating companies under reconstruction is yet to be decided, there is a process and discussion ongoing, where the company has the same mutual interest as the bondholders to get as much rent as possible
- On October 9, 2020 Stockholm Tingsrätt extended the reconstruction period until December 24, 2020. It is likely that the process can be extended a number of times (maximum June 2021)

Updated organizational chart – Tenant / Operating companies



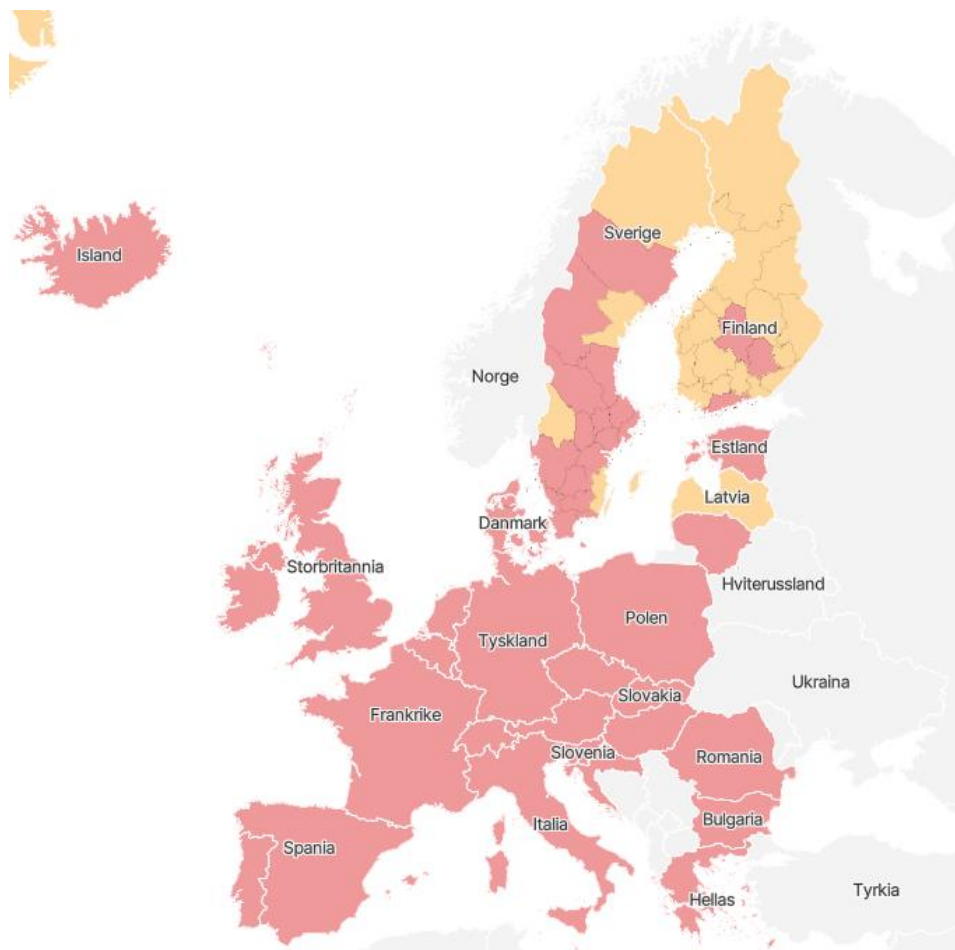


TRAVEL INDUSTRY NOWHERE CLOSE TO RESUME NORMAL BUSINESS

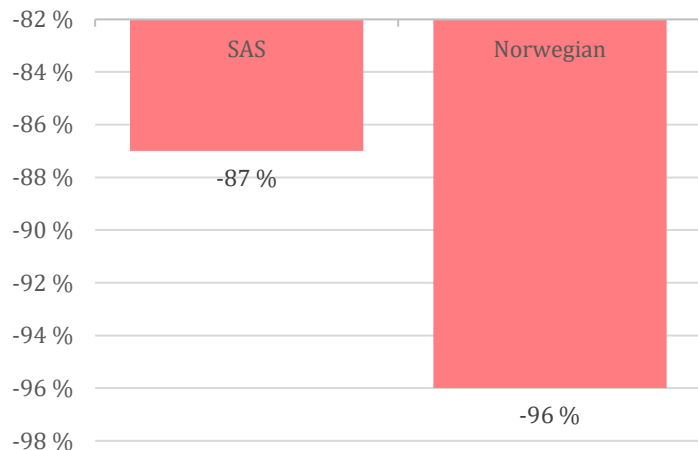
Travel restrictions

- The travel restrictions have been on the rise after the summer and during the fall of 2020
- Currently, almost all countries and regions in Europe are red
- Travel activities globally to the Nordics are also “red” and “non existing”
- Travelling to countries with code red requires a quarantine of ten days
- Folkehelseinstituttet recommends not to make any unnecessary traveling to countries with code yellow

Folkehelseinstituttet (FHI) – Red Zone quarantine Europe



Airlines - Passenger traffic September - % change y/y



Source: VG, Folkehelseinstituttet 6/10-20, Norwegian and SAS



RENTAL PAYMENTS / ACCOUNTS RECEIVABLES – LOANS TO GROUP COMPANIES

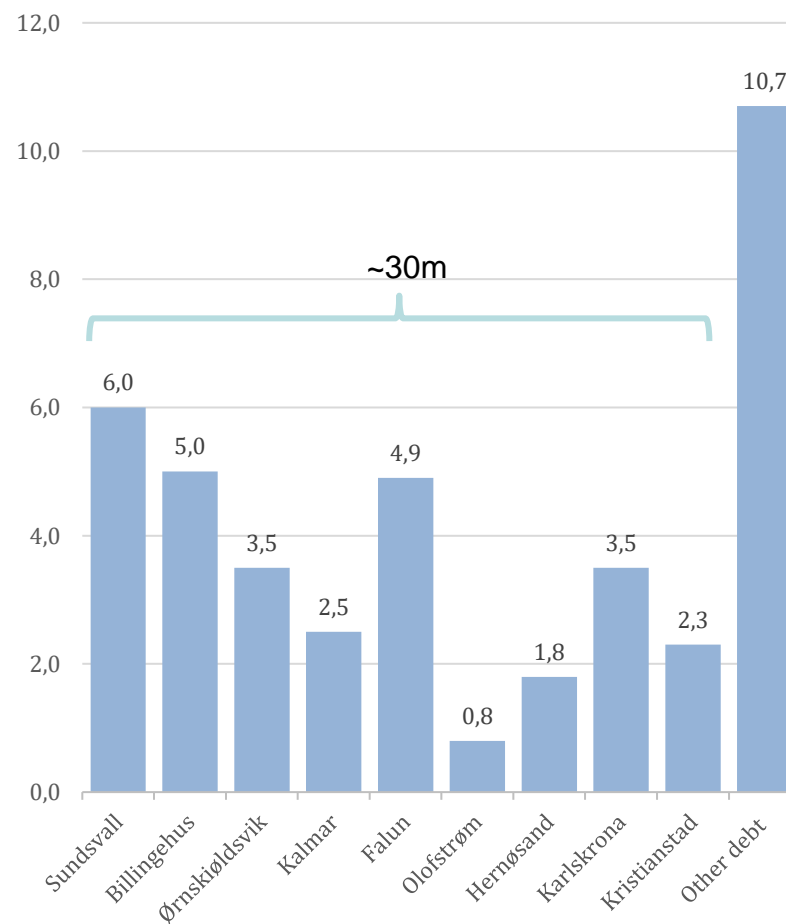
Overdue rent and other receivables

- Host Property has not received rent from Tribe Hotels during the 2Q and 3Q 2020, so far. The reconstruction process is still ongoing, and the government grant processes were still ongoing at the time of the 2Q2020 report
- Tribe Hotels has approximately SEK 30 million in unpaid (outstanding) rent towards Host Property during the 2Q and 3Q 2020 periods
- In addition, Tribe Hotels has other debt towards Host Property totaling about SEK 11 million (mainly Billingeus)
- Tribe Hotels currently has a SEK 13 million cash balance – Large portion of this cash balance expected to be allocated to rental payments towards Host Property AB during the course of 2020

Host Property loan to Host AB

- In the Host Property balance sheet, the intercompany receivables totaled SEK 73.2 million per 2Q2020 and 70.9 million per 1Q2020 (balance sheet item in quarterly reports)
- The vast majority of the intercompany receivables is an intercompany loan from Host Property AB (creditor) to Host AB. There is a promissory note issued by Host AB to Host Property AB at SEK 70.9 million
- The creditor's rights under the promissory note has been pledged to the secured parties represented by the security agent (each as defined and in accordance with the Terms & Conditions)

Unpaid rent per hotel 2Q-3Q20 and other receivables - SEKm



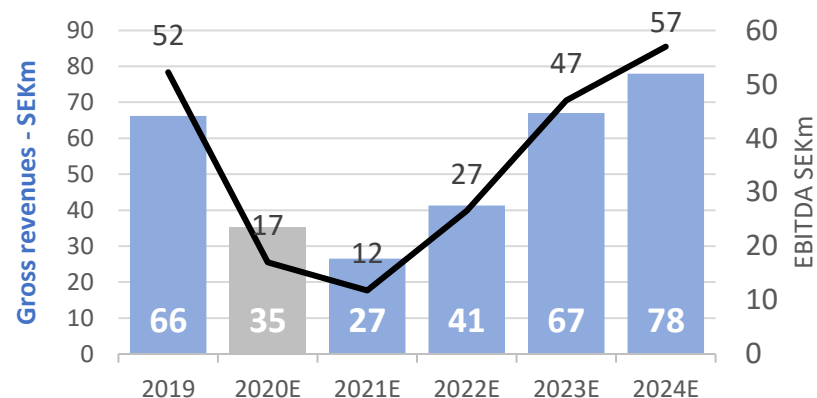


REVENUES AND EBIT – ESTIMATES GOING FORWARD

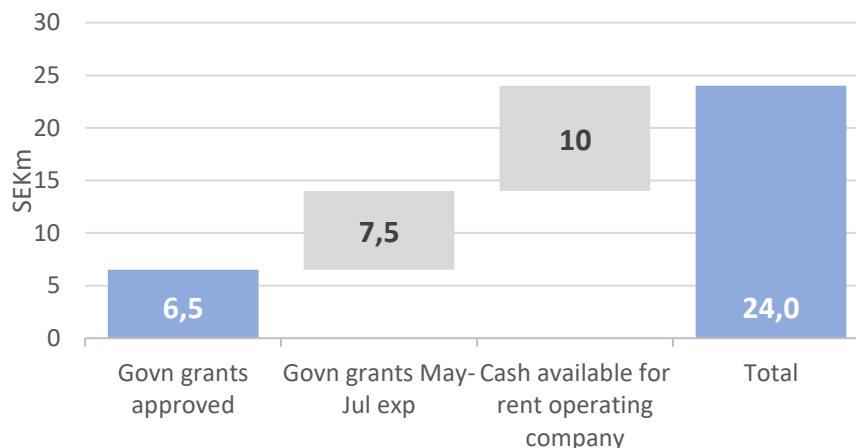
Revenue guiding increased based on latest development

- Host Property has previously guided 2020E revenues at SEK 25 million (minus 50-60% yoy) - There has been and there is still a high degree of uncertainty on the guided figures
- During the spring of 2020, the Swedish government announced headline principles for government grants. Still, the grants have not been paid out to Host Property
- As of October 9, 2020 – Governmental grant status based on feedback from the Swedish Tax Authority for the Host Property operating companies are guided as follows:
 - Estimated SEK 6.5 million for rent payments / fixed costs approved and cleared for March and April 2020 *
 - Estimated SEK 5-10 million for rent payments / fixed costs awaiting approval and clearing for May, June and July 2020 **
 - For the remaining months of 2020 – The Swedish government is still evaluation whether to grant and to what degree for the remaining five months of 2020
- In addition, the Host Property operating companies currently have a SEK 13 million cash position and estimated to be above 10 million at year end 2020 – This cash position is highly linked to paying outstanding rent to Host Property during the course of 2020
- Updated guiding of 2020E is therefore changed from SEK 25 million to SEK 35 million and estimated EBITDA adjusted up to SEK 17 million
- In order to get the best possible evaluation of these revenue streams with the latest documentation – Host Property will audit the 2020 YTD figures per 3Q to get newly updated evaluation and approval of the revenue streams

Revenues and EBITDA - Estimates



Sources of revenues / cash during documented / identified 2Q-4Q20



Host Property expects to receive the vast majority of the governmental grants as they are linked to the fixed cost lease part for the operating companies. Timing, payment and booking still undecided, but the main point is that the grants is expected to be part of the 2020 revenues for Host Property
 * Approved on telephone by the Swedish Tax Authority on October 9, 2020. **Application period has not started



FLYING ELEPHANT - STRONG TRACK RECORD IN TURBULENT PERIODS

Flying Elephant Group has experience in challenging times

- Established both hotel operations and franchise during the 1990's in Sweden – took full control of the hotel ecosystem during a period when there were no alternative to outsource hotel operation
- Ownership and management of hotel properties during and the aftermath of the bank crisis in Sweden in the 1990's
- Maneuvered through the financial crisis during the 2008-2009 period and beyond as both hotel operator and hotel property owner
- **Significant knowledge and experience to manage and develop Host Property's hotel property portfolio in the coming challenging years**



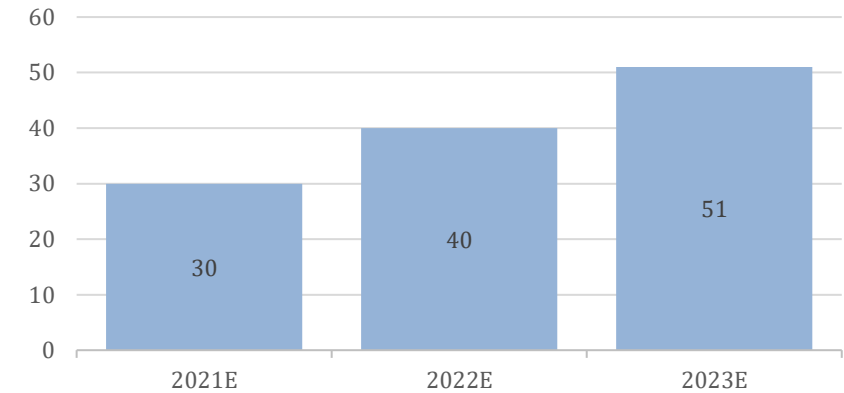


HOTEL OPERATIONS – INDICATIVE OFFERS HOTEL OPERATIONS

Minimum rent and revenue-based component

- Host Property is currently in the process of evaluating external hotel operations (indicative offers) of the nine hotels and has received indicative offers
- Estimates based on indicative offers. 2021E based on minimum rent. 2022E and 2023E based on minimum rent and revenue-based rent
- Rental levels expected below 2019 levels and current lease contracts - but still a step in the right direction as far as the new normal for the hotel market
- Host Property and potential new external hotel operator to invest 60-100 million each to put the hotels in position to reach the market potential over the next years (when market normalizes)
- **Host Property investments important to attract new attractive lease contracts in a historic challenging market**

Minimum rent SEKm – Based on indicative offers



Revenue based rent SEKm - Based on indicative offers

