

Press release

Stockholm, 2017/01/18

Pandox AB (publ) signs lease agreements for seven operations hotels in the Nordics with Scandic Hotels

Pandox has signed 20-year revenue-based lease agreements with Scandic Hotels Group for seven hotels in the Nordics currently part of Operator Activities. The takeovers are expected to be completed gradually during the second quarter 2017 and the hotel properties will be reclassified to Property Management at each respective takeover. The lease agreements imply shared investments, lower risk and thereby lower average valuation yield for the hotel properties, and lay the foundations for good growth in rental income and net operating income. Furthermore, Scandic Hotels Group will take over operations of Grand Hotel Oslo.

“The agreements are in line with Pandox’s strategy of being active across the value chain and after taking over operations and repositioning, again lease the hotel properties to strong operators. Through the agreement with Scandic, which is our largest cooperation partner, we strengthen our lease portfolio with seven competitive lease agreements with a skilled operator and further increase our strategic flexibility”, says Anders Nissen, CEO of Pandox.

“We are now fortifying our position as the leading hotel company in the Nordic region and at the same time deepening our successful long-term partnership with Pandox. I look forward to us operating and developing these hotels further and to making Grand Hotel in Oslo into a signature hotel ‘by Scandic’”, says Frank Fiskers, President & CEO of Scandic Hotels Group.

The seven hotels covered by the new lease agreements are:

Hotel	Country	City	No. of rooms	Location
Lillehammer Hotel	Norway	Lillehammer	303	City
Thon Hotel Sørlandet	Norway	Kristiansand	210	Resort
Meetingpoint Hafjell	Norway	Hafjell	210	Resort
Thon Hotel Fagernes	Norway	Fagernes	139	Resort
Best Western Plus Prince Philip	Sweden	Stockholm	208	Ring road
The Hub Hotel & Livingroom	Sweden	Stockholm	149	City
First Hotel Copenhagen	Denmark	Copenhagen	215	Ring road
Total			1,434	

In addition to the above-mentioned hotels, Scandic Hotels Group will take over operations of Grand Hotel Oslo with 274 rooms - which is operated by Pandox without own property ownership - and operate it as a signature hotel with its own identity.

Scandic Hotels Group is expected to take over the operations of the hotels gradually during the second quarter 2017.

The lease agreements are expected to contribute marginally positively to Pandox's total net operating income 2017, as well as lead to a slight increase in the total market value of the property portfolio in conjunction with the hotel properties being reclassified from Operator Activities to Property Management 2017.

The lease agreements mean that the share of rental income as a percentage of hotel revenues will be stepped up over a three year period, which creates conditions for good growth in rental income and net operating income in the coming years. Furthermore, the agreements lead to shared investments, lower risk and lower average valuation yield for the hotel properties.

The effect between the segments (approximate amounts in MSEK) pro forma full year 2016 is:

Property Management	MSEK (approx.)
<i>Rental income increases</i>	+80
<i>NOI increases</i>	+75
Operator Activities	
<i>Revenue decreases</i>	-500
<i>NOI decreases</i>	-70
Net change for Pandox	
<i>Revenue decreases</i>	-420
<i>NOI increases</i>	+5

Based on the market value of the hotel portfolio per 30 September 2016 - including acquisition of seven hotel properties in Europe, Hilton Grand Place Brussels and reclassification of Urban House Copenhagen - Property Management increases its share of the total portfolio value from c. 78 percent to c. 84 percent.

Invitation to telephone conference 18 January 2017, at 09:15 CET

Following the agreement, Pandox invites investors, analysts and media to a webcasted telephone conference 18 January 2017, at 09:15 CET.

To follow the presentation online go to <http://media.fronto.com/cloud/pandox/170118>. To participate in the conference and ask questions, please call one of the telephone numbers indicated below about 10 minutes before the start of the presentation.

The presentation material will be made available at www.pandox.se.

SE: +46 (0)8 503 36 434

UK LocalCall: 08444933800

US LocalCall: 16315107498

Conference ID: 55141514

A recorded version of the presentation will be available at www.pandox.se.



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This information is information that Pandox AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact persons set out above, at 08:00 CET on 18 January 2017.

About Pandox

Pandex is a leading owner of hotel properties in Northern Europe with a focus on sizeable hotels in key leisure and corporate destinations. Pandox's hotel property portfolio currently comprises 120 hotels with more than 26,000 hotel rooms in ten countries. Pandox's business is organised into Property management, which comprises hotel properties leased on a long-term basis to market leading regional hotel operators and leading international hotel operators, and Operator activities, which comprises hotel operations executed by Pandox in its owner-occupied hotel properties. Pandox was founded in 1995 and the company's B shares are, as of 18 June 2015, listed on Nasdaq Stockholm. www.pandex.se