

## Press release

Stockholm, 12/10/2018

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### Pandox acquires The Midland Manchester

**Pandox AB (publ) (“Pandox”) has entered into an agreement to acquire The Midland Manchester, which is an iconic upper premium hotel with 312 rooms in the heart of Manchester in the UK. The transaction is made with Fattal Hotels Group (“Fattal”) as operating partner, whereby Pandox, following a legal reorganisation, will retain the property and the hotel operations will be transferred to Fattal. The total transaction value amounts to approximately MGBP 115, whereof the value of the hotel property amounts to MGBP 102, corresponding to approximately MSEK 1,210. The acquisition is expected to be financed by a new bank loan and existing credit facilities. The hotel will be operated by Fattal under a revenue-based lease agreement. The acquisition is expected to be closed during the fourth quarter 2018 and the hotel will be reported under the business segment Property Management. For 2018 the hotel is expected to contribute the equivalent of approximately MSEK 69 in rental income and MSEK 66 in net operating income, on an annualised basis.**

“The acquisition of The Midland Manchester is industrially sound and meets all of Pandox’s acquisition criteria. The hotel, which has iconic status in Manchester, is an upper premium, full-service hotel with a very attractive central location and demand from all client segments. The hotel offers clear potential for increased revenues by upgrading the room product and by increasing the number of rooms. After the acquisition, Pandox will own two hotel properties with strong central locations in a city which is the economic and cultural nexus in one of the fastest growing regions in the UK”, says Anders Nissen, CEO of Pandox.

The acquisition of the hotel property is made by acquisition of shares in a company with an underlying property value of MGBP 102, corresponding to approximately MSEK 1,210 at current exchange rate (GBP/SEK 11.86), on a debt free basis. The acquired hotel property has a yield of approximately 5.7 percent, before transaction costs. The seller is an institutional investor.

The hotel will be operated by Fattal under a 35-year revenue-based lease agreement where the tenant has a far-reaching responsibility for maintenance, repair and investments in the property. A joint investment program of MGBP 11, of which Pandox’s share is MGBP 6, for product development of primarily rooms and bathrooms, as well as an upgrade of the hotel’s technical standard, is planned to be carried out starting in 2018.

The acquisition is expected to be closed in the fourth quarter 2018, provided that all conditions in the share transfer agreement have been fulfilled. In connection with the completion of the acquisition a legal reorganisation will take place, whereby the operational hotel business is transferred to Fattal. Including the operational hotel business the total transaction value amounts to approximately MGBP 115.

The Midland Manchester has 312 rooms, large public areas including four restaurants and 12 meeting rooms, of which the largest can accommodate 700 persons. Manchester is the nexus of one of the fastest growing regions in the UK with close to 3 million inhabitants in the greater city area and approximately 7 million inhabitants within a one-hour commute. In 2017, Manchester Airport had approximately 28 million passengers.



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This information is information that Pandex 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 23:30 CEST on 12 October 2018.

**About Pandex**

*Pandex is a leading owner of hotel properties in Northern Europe with a focus on sizeable hotels in key leisure and corporate destinations. Pandex's hotel property portfolio currently comprises 143 hotels with approximately 31,600 hotel rooms in fifteen countries. Pandex'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 Pandex in its owner-occupied hotel properties. Pandex was founded in 1995 and the company's B shares are listed on Nasdaq Stockholm. [www.pandex.se](http://www.pandex.se)*