

Press release

Stockholm, 18/06/2019

Pandox acquires three hotel properties in Germany for MEUR 103

Pandox AB (publ) has entered into an agreement to acquire three hotel properties in Augsburg, Erfurt and Dortmund in Germany with a total of 565 rooms. The total transaction value amounts to approximately MEUR 103, excluding minority. The acquisition is financed by existing credit facilities. The hotels will be managed by the hotel operator HR Group under long-term revenue-based leases. For 2019 the hotels are expected to contribute approximately MEUR 5.5 in rental income and MEUR 5.0 in net operating income, on an annualised basis. The acquisition is expected to be closed during the third quarter 2019.

“The acquisition is industrially sound and contributes to a further diversification of Pandox’s portfolio both geographically and brand-wise. The hotel properties are in good locations in stable domestic cities in Germany and are mainly driven by domestic demand with a good balance between the business, meeting and leisure segments. The hotels are full-service hotels in the upper mid-scale segment with good guest ratings and an average size of 188 rooms.”, says Anders Nissen, CEO of Pandox.

“HR Group is very pleased to have Pandox AB as a strategic investor for the three hotel properties. The transaction marks a key-milestone in our company history and the start of a long-term partnership with one of the leading hotel property owners in Northern Europe. We’re delighted to continue with the operation of the three hotels and to strive for an excellent performance and guest experience with our teams. We look forward to further cooperation and to achieve mutual and continuous growth.”, says Ruslan Husry, CEO of HR Group.

| Hotel | City | Population in city area (*) | Location | No. of rooms |
|-------------------------------------|----------|-----------------------------|---------------|--------------|
| Dorint Hotel an den Westfalenhallen | Dortmund | 585 000 | City/congress | 221 |
| Dorint Hotel an der Kongresshalle | Augsburg | 285 000 | City/congress | 184 |
| Dorint Hotel am Dom | Erfurt | 210 000 | City | 160 |

(*) Statistisches Bundesamt

The acquisition of the hotel properties is made by acquisition of shares in a company with an underlying property value of MEUR 103 on a debt free basis. The acquired hotel property portfolio has a yield of approximately 5.7 percent, before transaction costs. The seller is HR Group which also remains as a minority owner with 5.1 percent.

HR Group will manage the hotels under 20-year revenue-based lease agreements under the well-known German brand Dorint Hotels & Resorts. The tenant has a far-reaching responsibility for maintenance, repair and investments in the properties.

The acquisition is expected to be closed in the third quarter 2019, provided that all conditions in the share transfer agreement have been fulfilled. The hotel properties will be reported in the business segment Property Management.



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About Pandox

Pandox 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 144 hotels with approximately 32,300 hotel rooms in 15 countries. Pandox's business is organised into Property management, which comprises hotel properties leased on a long-term basis to market leading 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 listed on Nasdaq Stockholm. www.pandox.se

About HR Group

HR Group is an owner managed company founded in 2008. Since then HR Group has become one of the fastest growing hotel owner-operator companies within Central Europe and one of the leading hotel operators in Germany. Today, the group's portfolio stands at 34 properties with more than 4,800 keys in Germany, the Netherlands and Spain. As part of its growth strategy, HR Group cooperates with strong partners such as AccorHotels, Wyndham Hotels & Resorts, Hyatt Hotels & Resorts and Dorint Hotels & Resorts. www.hrg-hotels.de