

PRESS RELEASE, 24 August 2010

# **Pandox acquires Norgani Hotels AS**

- establish Europe's leading hotel property company

**Swedish-based hotel property company Pandox AB has reached an agreement, with financial support from its owners, to acquire Norgani Hotels AS, Norway. The acquisition price is NOK 8.3 bn. (EUR 1 bn.) and is conditional on funding and the approval of competition regulators. Norgani's portfolio consists of 73 hotel properties and one conference center (Helsinki) located in Sweden, Finland, Norway and Denmark, with a total of 12,900 rooms.**

After this acquisition, Pandox will be the leading specialised hotel property company in Europe in terms of geographical diversity, number of hotels and brands.

#### **Pandox's portfolio**

The value of Pandox's hotel property portfolio, will after the after acquisition, be EUR 2.3 bn. Estimated rental revenues are EUR 185 m pro forma with cash flow of EUR 75 m.

Pandox's hotel property portfolio will include 119 hotel properties with 24,000 rooms, nine operational businesses and one conference centre (Helsinki). There will be a total of 15 brands in the portfolio.

The majority of hotels are located in growing and dynamic city locations, near airports or close to exhibition and conference centres. The hotel offerings are mainly in the profitable upper-middle and premium segments.

#### **Geographical diversity**

Pandox will be running its business in ten countries: Sweden, Finland, Norway, Denmark, Germany, Belgium, Switzerland, the UK, Canada and the Bahamas. The company will be active in a total of 60 locations.

Revenues will be sourced as follows, Sweden with 49%, Finland with 13%, Norway with 11% and Denmark with 6%. International revenues are mainly sourced from Belgium, with 7.5%, Germany with 6%-plus, Canada with 3%, and the UK, 2%.

There is a good overall balance in the revenue structure, with 53% sourced from locations that largely have stable domestic demand such as Sweden's regional and university cities. The remaining 47% are sourced from international locations that have greater dynamics and potential.

The Stockholm region will be the largest city with ownership of 20 hotels, including the Hilton Stockholm Slussen, the Scandic Malmen, Hasselbacken and Park, and the Radisson Blu Arlandia. Other major locations include Helsinki, Copenhagen and Gothenburg.

The primary locations of revenue sources outside Scandinavia are Brussels, Montréal, Berlin and London.

“Pandox continues to play an active role in restructuring the hotel property market. We feel humbled and inspired to get the opportunity to establish ourselves as one of the big players in Europe,” commented Anders Nissen, CEO of Pandox.

“Getting started on development work, hotel by hotel, is a priority and we’re looking forward to strengthening our contact interfaces with old and new partners.”

Several of the hotels in Norgani’s portfolio need active measures such as investment, revised lease structures and product development. Pandox estimates the cost of this work at EUR 125 m.

### **Lease structures**

The majority of revenues, 88%, come from variable lease agreements relating to hotel operator sales, while the remaining 12% comes from own operations.

Leases are structured so Pandox benefits from market growth and development work in hotels, while risk are limited through guarantee levels.

### **Multi-brand portfolio**

The hotels in Pandox portfolio will be marketed by 15 well-known brands and a number of independent web-based distribution channels. The largest will be Scandic, with 45%. Choice, with its three brands of Clarion, Quality and Comfort, represents just over 13% of revenues, while the Hilton share is nearly 12%. Other brands include InterContinental, Radisson Blu, Crowne Plaza, Hyatt, Holiday Inn, Elite, First, Rica, Ibis and Best Western.

The multi-brand portfolio will continue to develop Pandox’s unique network and skills in the hotel sector.

### **Pandox own hotel operations**

Pandox’s business model is based on creating the best local conditions, hotel by hotel. This means that some hotels are operated by Pandox, considered a natural business segment for a specialised hotel property company. At present, Pandox operates nine hotels located in Belgium, Germany, Canada and the Bahamas. This operation has estimated sales of EUR 115 m this year, providing EBITDA of over EUR 20 m.

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*Pandox is the leading player in the hotel property market in Europe regarding geographic area, number of hotels and brands. The portfolio consists of 119 hotels, nine operational businesses, more than 24,000 rooms located in Sweden, Finland, Norway, Denmark, Germany, Belgium, the UK, Switzerland, the Bahamas and Canada. Pandox’s hotels operate through differing business structures under well-recognised brands such as Scandic, Hilton, InterContinental, Hyatt, Radisson Blu, Crowne Plaza, Holiday Inn, Clarion, Quality, Elite, First, Rica, Ibis, Best Western or through independent distribution channels. Pandox is owned by the Norwegian companies Sundt AS and Eiendomsspar AS.*

## Pandox hotel portfolio – August 2010

Sorted by country.

Country	Hotel	Partner	City	No. rooms
Bahamas	Pelican Bay at Lucaya	Private	Bahamas	184
Belgium	Crowne Plaza Antwerpen	InterContinental Hotels	Antwerp	264
Belgium	Crowne Plaza Brussels City	InterContinental Hotels	Brussels	354
Belgium	Hilton Brussels City	Hilton	Brussels	283
Belgium	Holiday Inn Brussels Airport	InterContinental Hotels	Brussels	310
Belgium	Hotel Bloom!	Pandox	Brussels	305
Belgium	Scandic Hotel Antwerpen	Scandic	Antwerp	204
Belgium	Scandic Hotel Grand Place	Scandic	Brussels	100
Canada	Hyatt Regency Montreal	Hyatt	Montreal	605
Canada	Intercontinental Montreal	InterContinental Hotels	Montreal	357
Denmark	Clarion Collection Hotel 27	Choice	Copenhagen	200
Denmark	Clarion Collection Hotel Mayfair	Choice	Copenhagen	105
Denmark	Comfort Hotel Europa	Choice	Copenhagen	230
Denmark	Comfort Hotel Excelsior	Choice	Copenhagen	99
Denmark	Scandic Hotel Copenhagen	Scandic	Copenhagen	484
Finland	Airport Hotel Bonus Inn	Private	Vantaa	211
Finland	Comfort Hotel Pilotti	Private	Vantaa	112
Finland	Hilton Helsinki Kalastajatorppa	Scandic/Hilton	Helsinki	238
Finland	Hilton Helsinki Strand	Scandic/Hilton	Helsinki	192
Finland	Hotel Korpilampi	Private	Espoo	150
Finland	Rantasipi Imatran Valtionhotelli	Restel	Imatra	135
Finland	Scandic Continental	Scandic	Helsinki	512
Finland	Scandic Espoo	Scandic	Espoo	96
Finland	Scandic Grand Marina	Scandic	Helsinki	462
Finland	Scandic Jyväskylä	Scandic	Jyväskylä	150
Finland	Scandic Kajanus	Scandic	Kajaani	191
Finland	Scandic Kuopio	Scandic	Kuopio	137
Finland	Scandic Luosto	Scandic	Luosto	59
Finland	Scandic Rosendahl	Scandic	Tampere	213
Finland	Scandic Tampere City	Scandic	Tampere	263
Germany	Hilton Bremen	Hilton	Bremen	235
Germany	Hilton Dortmund	Hilton	Dortmund	190
Germany	Hotel Berlin, Berlin	Pandox	Berlin	701
Germany	Scandic Lübeck	Scandic	Lübeck	158
Norway	Clarion Collection Arcticus	Choice	Harstad	75
Norway	Clarion Collection Hotel Bastion	Choice	Oslo	99
Norway	Comfort Hotel Børsparke	Choice	Oslo	198
Norway	Comfort Hotel Holberg	Choice	Bergen	140
Norway	Quality Hotel & Resort Fagernes	Choice	Fagernes	139
Norway	Quality Hotel & Resort Hafjell	Choice	Øyer	210
Norway	Quality Hotel & Resort Kristiansand	Choice	Kristiansand	210
Norway	Quality Hotel Alexandra	Choice	Molde	163
Norway	Radisson Blu Hotel Bodø	Rezidor	Bodø	191
Norway	Radisson Blu Lillehammer Hotel	Private	Lillehammer	303
Norway	Rica Hotel Bodø	Rica	Bodø	113
Norway	Rica Hotell Hamar	Rica	Hamar	176
Norway	Scandic Bergen Airport	Scandic	Bergen	197
Norway	Scandic KNA	Scandic	Oslo	189
Sweden	Best Western Mora Hotell & Spa	Private	Mora	135
Sweden	Best Western Royal Corner	Private	Växjö	158
Sweden	Clarion Grand Hotel Helsingborg	Choice	Helsingborg	164
Sweden	Clarion Grand Hotel Östersund	Choice	Östersund	176
Sweden	Clarion Plaza Hotel Karlstad	Choice	Karlstad	131
Sweden	Elite Park Avenue Göteborg	Elite Hotels	Gothenburg	317
Sweden	Elite Stora Hotellet Jönköping	Elite Hotels	Jönköping	135
Sweden	First Hotel Grand Borås	First Hotels	Borås	158
Sweden	First Hotel Linköping	First Hotels	Linköping	133
Sweden	First Hotel Mårtenson	First Hotels	Halmstad	103
Sweden	First Hotel Royal Star	Private	Stockholm	103
Sweden	Hilton Stockholm Slussen	Hilton	Stockholm	289
Sweden	Ibis Stockholm Syd	Accor	Stockholm	190
Sweden	Mr Chip, Kista	Private	Stockholm	150
Sweden	Quality Hotel Ekoxen	Choice	Linköping	190
Sweden	Quality Hotel Grand Kristianstad	Choice	Kristianstad	149
Sweden	Quality Hotel Luleå	Choice	Luleå	209
Sweden	Quality Hotel Nacka	Choice	Stockholm	164

Country	Hotel	Partner	City	No. rooms
Sweden	Quality Hotel Park Södertälje	Choice	Södertälje	157
Sweden	Quality Hotel Prins Phillip	Choice	Stockholm	201
Sweden	Quality Hotel Prisma	Choice	Skövde	107
Sweden	Quality Hotel Winn, Göteborg	Choice	Gothenburg	121
Sweden	Radisson Blu Arlandia	Rezidor	Stockholm	335
Sweden	Radisson Blu Hotel, Linköping	Rezidor	Linköping	91
Sweden	Radisson Blu Malmö	Rezidor	Malmö	229
Sweden	Scandic Hasselbacken	Scandic	Stockholm	112
Sweden	Scandic Hotel Alvik	Scandic	Stockholm	325
Sweden	Scandic Hotel Backadal	Scandic	Gothenburg	232
Sweden	Scandic Hotel Billingen	Scandic	Skövde	107
Sweden	Scandic Hotel Bollnäs	Scandic	Bollnäs	111
Sweden	Scandic Hotel Bromma	Scandic	Stockholm	144
Sweden	Scandic Hotel Crown Göteborg	Scandic	Gothenburg	338
Sweden	Scandic Hotel Elmia	Scandic	Jönköping	220
Sweden	Scandic Hotel Ferrum	Scandic	Kiruna	170
Sweden	Scandic Hotel Gävle Väst	Scandic	Gävle	201
Sweden	Scandic Hotel Hallandia	Scandic	Halmstad	154
Sweden	Scandic Hotel Helsingborg Nord	Scandic	Helsingborg	237
Sweden	Scandic Hotel Järva Krog	Scandic	Stockholm	215
Sweden	Scandic Hotel Kalmar Väst	Scandic	Kalmar	148
Sweden	Scandic Hotel Klarälven	Scandic	Karlstad	143
Sweden	Scandic Hotel Kramer	Scandic	Malmö	113
Sweden	Scandic Hotel Kungens Kurva	Scandic	Stockholm	257
Sweden	Scandic Hotel Linköping	Scandic	Linköping	150
Sweden	Scandic Hotel Luleå	Scandic	Luleå	159
Sweden	Scandic Hotel Malmen	Scandic	Stockholm	327
Sweden	Scandic Hotel Mölndal	Scandic	Gothenburg	208
Sweden	Scandic Hotel Norrköping Nord	Scandic	Norrköping	150
Sweden	Scandic Hotel Park	Scandic	Stockholm	201
Sweden	Scandic Hotel S:t Jörgen	Scandic	Malmö	288
Sweden	Scandic Hotel Segevång	Scandic	Malmö	161
Sweden	Scandic Hotel Skogshöjd Södertälje	Scandic	Södertälje	225
Sweden	Scandic Hotel Star Lund	Scandic	Lund	196
Sweden	Scandic Hotel Star Sollentuna	Scandic	Stockholm	269
Sweden	Scandic Hotel Sundsvall Nord	Scandic	Sundsvall	159
Sweden	Scandic Hotel Södertälje	Scandic	Södertälje	131
Sweden	Scandic Hotel Trollhättan Swania	Scandic	Trollhättan	198
Sweden	Scandic Hotel Umeå Syd	Scandic	Umeå	162
Sweden	Scandic Hotel Uplandia	Scandic	Uppsala	133
Sweden	Scandic Hotel Upplands-Väsby	Scandic	Stockholm	150
Sweden	Scandic Hotel Uppsala Nord	Scandic	Uppsala	184
Sweden	Scandic Hotel Winn	Scandic	Karlstad	199
Sweden	Scandic Hotel Västerås	Scandic	Västerås	174
Sweden	Scandic Hotel Växjö	Scandic	Växjö	123
Sweden	Scandic Hotel Örebro	Scandic	Örebro	221
Sweden	Scandic Hotel Örebro Väst	Scandic	Örebro	204
Sweden	Scandic Hotel Östersund	Scandic	Östersund	129
Sweden	Scandic Plaza Borås	Scandic	Borås	135
Sweden	Stadshotellet Princess Sandviken	Private	Sandviken	84
Sweden	Vildmarkshotellet Kolmården	Private	Norrköping	213
Switzerland	Radisson Blu Basel	Rezidor	Basel	205
UK	Hilton Docklands	Hilton	London	365
<b>119</b>				<b>23 954</b>
<b>HOTELS</b>				<b>ROOMS</b>
Finland	Marina Congress Center Linked to Scandic Grand Marina	Scandic	Helsinki	