

## Press release

Stockholm, 28/08/2024

### Pandox has acquired three aparthotels in central London for MGBP 230

**Pandox AB (publ) has completed the acquisition of three aparthotels with a total of 503 rooms in central London. Total transaction value amounts to approximately MGBP 230. Initially, the hotels are expected to contribute approximately MGBP 34 in revenues and approximately MGBP 17 in net operating income, on an annualised basis. The hotels are branded Residence Inn by Marriott and are operated by Axiom Hospitality under a management agreement. The acquisition is financed by available cash funds and a new green bank loan.**

“We are happy to have acquired three well-positioned freehold aparthotels in strong locations in central London, thereby increasing our exposure towards the attractive ‘extended-stay’ segment. The hotels are highly profitable, and the hotel products are well established in the market with strong distribution via Marriott International, which becomes a new cooperation partner to us. The hotel properties are of high technical and environmental standard and contribute positively to the overall quality of our hotel property portfolio. Through the acquisition, we also increase our already strong hotel operating partnership with Axiom Hospitality to a total of eight hotels in the UK”, says Liia Nõu, CEO of Pandox.

#### About the portfolio

The portfolio includes three hotels in attractive micro-locations in central London with a total of 503 rooms. The hotel properties are modern and underwent comprehensive renovations before the pandemic, as a result of which the hotels were repositioned according to Residence Inn by Marriott’s brand standards. The average room size is 28 square meters and there are several room configurations, all of them with a kitchen or kitchenette. The hotels’ locations and room configurations make them well designed for long and short stays for both business and leisure travellers, which together with efficient hotel operations lay the foundation for high profitability.

Hotel	Construction year/renovation year	Facilities	EPC rating	Rooms
Residence Inn by Marriott London Kensington	2009/2018	Restaurant Bar Gym Laundry	B	315
Residence Inn by Marriott London Bridge	2017/2019	Breakfast Gym Laundry	B	101
Residence Inn by Marriott Tower Bridge	2009/2017	Breakfast Gym Laundry	A	87
<b>Total</b>				<b>503</b>



### **Financial effects**

The transaction includes both hotel properties and hotel operations through acquisition of shares in companies with an underlying property value of approximately MGBP 230, corresponding to approximately MSEK 3,100, on a debt-free basis. The sellers are controlled affiliates of Starwood Capital. The hotel properties are freeholds. Initially, the hotels are expected to contribute approximately MGBP 34 in revenues and approximately MGBP 17 in net operating income, on an annualised basis, corresponding to a yield of more than 7 percent. Over time, there is potential to increase the average daily rate and the yield through targeted investments.

The acquisition is financed by available cash funds and a new secured and green bank loan, enabled by the properties' favorable energy rating. The loan is the first of its kind for Pandox and complements our earlier sustainability-linked loans on group level. The credit margin on the new loan is considerably lower than the average credit margin for the loan portfolio as a whole.

Based on the hotel property portfolio's market value as at 30 June 2024, the market value, after the acquisition in London (GBP/SEK 13.46), amounts to approximately MSEK 73,900, of which Own Operations and the UK account for approximately 19.8 percent and 23.3 percent respectively. At the same time, loan to value (net) increases from approximately 46.2 percent to approximately 48.4 percent.

The hotel properties will be reported in the business segment Own Operations. Pandox already owns three hotels in the greater London area: Leonardo Hotel London Croydon (Leases), Hilton London Heathrow Airport T4 (Leases) and Hilton Garden Inn London Heathrow Airport (Own Operations) with a total of 1,002 rooms.

#### **FOR MORE INFORMATION, PLEASE CONTACT:**

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### **About Pandox**

*Pandox owns, develops, and leases hotel properties to skilled hotel operators under long-term, turnover-based leases with minimum guaranteed levels. Since our inception in 1995, we have grown into one of the largest hotel property owners in Europe. Our portfolio consists of 160 hotel properties with approximately 35,500 rooms across 11 countries in Northern Europe. The portfolio's market value is more than SEK 74bn. The head quarter is in Stockholm, and we are listed on Nasdaq Stockholm. [www.pandox.se](http://www.pandox.se)*