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EXCELLENCE IN HOTEL OWNERSHIP & OPERATIONS

Press release

Stockholm, 2024-09-17

Pandox evaluates the conditions to carry out a directed share issue

Pandox Aktiebolag (publ) (the “Company” or “Pandox”) has mandated ABG Sundal Collier, DNB Markets, Handelsbanken and Skandinaviska Enskilda Banken (together the “Joint Bookrunners”) to evaluate the conditions to carry out a directed share issue of class B shares corresponding to a value of approximately MSEK 2,000 (the “Directed Share Issue”), through an accelerated bookbuilding procedure, based on the authorisation granted to the board of directors on the annual general meeting on 10 April 2024. Pandox current shareholders Eiendomsspar AS and AMF Pension & Fonder have expressed interest to participate in the Directed Share Issue.

The subscription price and the number of new shares in the Directed Share Issue will be determined through an accelerated bookbuilding procedure, which will commence immediately following the publication of this press release and be led by the Joint Bookrunners. Closing of the accelerated bookbuilding procedure, pricing and allocation of the new shares are expected to take place before the commencement of trading on Nasdaq Stockholm at 09:00 CEST on 18 September 2024. The timing of closing, pricing and allocation in the bookbuilding procedure are determined at the discretion of the Company and may be shortened, extended or cancelled at any time, meaning the Company may refrain, in part or in full, from carrying out the Directed Share Issue. The Company will announce the outcome of the Directed Share Issue in a subsequent press release after the bookbuilding procedure has been completed.

Pandox current shareholders Eiendomsspar AS and AMF Pension & Fonder have expressed interest to participate in the Directed Share Issue. In addition, several existing shareholders and external investors have indicated interest in participating in the Directed Share Issue.

Background and motives

Pandox business concept is to own, develop, and lease hotel properties under long-term revenue-based lease agreements with guaranteed minimum levels. As of June 30, 2024, the property portfolio consisted of 157 properties in 11 countries with a market value of just over SEK 70 billion. The company is an active and committed property owner with the goal of maximizing the value of each individual hotel property. This is achieved by creating attractive and sustainable hotel products and hotel properties based on the unique conditions of each property. Own operation of hotels is an important tool in the acquisition and repositioning of hotel properties on the way to new lease agreements.

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Acquisitions are an important part of the value-creating activities of the Company as they contribute to short-term results and provide the foundation for value-creating investments in the longer term. On 28 August 2024, Pandox announced, through a press release, the acquisition and closing of three apartment hotels with 503 rooms in central London with a total transaction value of approximately GBP 230 million. The hotels are initially expected to contribute approximately GBP 17 million in net operating income annually, corresponding to a yield exceeding 7 percent with the potential to increase the yield over time through targeted investments in the hotel products.

On 4 September 2024, Pandox announced, through a press release, the acquisition of a hotel in Edinburgh with a total transaction value of approximately GBP 49 million. The initial yield is expected to exceed 7.5 percent with the potential to increase the yield to approximately 9 percent over time through operational improvements and targeted investments. The closing of the acquisition is expected to be completed in the fourth quarter of 2024.

The contemplated Directed Share Issue is completed to maintain the Company's strong financial position following the hotel acquisitions in London and Edinburgh, which are financed with available cash funds and bank loans, and to increase the Company's financial flexibility for additional property acquisitions and investments in existing properties with the objective to increase cash earnings per share.

Deviation from the shareholders' preferential rights

Prior to the Directed Share Issue, the Company's board of directors has made an overall assessment and carefully considered the possibility to raise capital through a rights issue. The board of directors considers that the reasons for deviating from the shareholders' preferential right are (i) that a rights issue, compared to a directed share issue, would take a significantly longer time to complete and entail a higher risk for a materially adverse effect on the share price, (ii) to strengthen the Company's shareholder base with Swedish and international institutional investors and to strengthen the share's liquidity, (iii) to carry out a directed share issue can be made at lower costs and with less complexity than a rights issue and in light of the market volatility, the board of directors has assessed that a rights issue also entails a risk of not becoming fully subscribed and would require a rather significant underwriting from a guarantor syndicate that would entail additional costs, and (iv) secure and maintain the Company's strong financial position following the hotel acquisitions in London and Edinburgh, which are financed with available cash funds and bank loans, and to increase the Company's financial flexibility for additional property acquisitions and investments in existing properties with the objective to increase cash earnings per share. Considering the above, the board of directors has made the assessment that a directed share issue with deviation from the shareholders' preferential right is the most favourable alternative for the Company, creates value for the Company and is in the best interest of the Company's shareholders.

By establishing the subscription price in the Directed Share Issue through an accelerated bookbuilding procedure, it is the assessment of the board of directors that the subscription price will be set on market terms and conditions.

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Advisers

In conjunction with the Directed Share Issue, the Company has engaged ABG Sundal Collier, DNB Markets, a division of DNB Bank ASA, Swedish Branch, Handelsbanken and Skandinaviska Enskilda Banken as Joint Bookrunners, as well as Advokatfirman Vinge and Milbank LLP as legal advisors.

FOR FURTHER INFORMATION, PLEASE CONTACT:

Liia Nõu, CEO, +46 (8) 506 205 50

Anneli Lindblom, CFO, +46 (0) 765 93 84 00

Anders Berg, SVP Head of Communications and IR, +46 (0) 760 95 19 40

This information is information that Pandox Aktiebolag (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 17:31 CEST on 17 September 2024.

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The Joint Bookrunners are acting for the Company in connection with the transaction and no one else and will not be responsible to anyone other than the Company for providing the protections afforded to its clients nor for giving advice in relation to the transaction or any other matter referred to herein.

This press release does not constitute a recommendation concerning any investor's decision regarding the Directed Issue. The information contained in press release is for background purposes only and does not purport to be full or complete. No reliance may be placed for any purpose on the information contained in this press release or its accuracy or completeness. This press release does not purport to identify or suggest the risks (direct or indirect) which may be associated with an investment in the Company or the new shares. Each investor or potential investor should conduct his, her or its own investigation, analysis and evaluation of the business and information described in this press release and any publicly available information. The price and value of the securities can decrease as well as increase. Achieved results do not provide guidance for future results.

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Information to distributors

Solely for the purposes of the product governance requirements contained within: (a) EU Directive 2014/65/EU on markets in financial instruments, as amended ("**MiFID II**"); (b) Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing MiFID II; and (c) local implementing measures (together, the "**MiFID II Product Governance Requirements**"), and disclaiming all and any liability, whether arising in tort, contract or otherwise, which any "manufacturer" (for the purposes of the MiFID II Product Governance Requirements) may otherwise have with respect thereto, the shares in Pandox have been subject to a product approval process, which has determined that such shares are: (i) compatible with an end target market of retail investors and investors who meet the criteria of professional clients and eligible counterparties, each as defined in MiFID II; and (ii) eligible for distribution through all distribution channels as are permitted by MiFID II (the "**Target Market Assessment**"). Notwithstanding the Target Market Assessment, Distributors should note that: the price of the shares in Pandox may decline and investors could lose all or part of their investment; the shares in Pandox offer no guaranteed income and no capital protection; and an investment in the shares in Pandox is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. The Target Market Assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions in relation to the Directed Share Issue. Furthermore, it is noted that, notwithstanding the Target Market Assessment, the Joint Bookrunners will only procure investors who meet the criteria of professional clients and eligible counterparties.

For the avoidance of doubt, the Target Market Assessment does not constitute: (a) an assessment of suitability or appropriateness for the purposes of MiFID II; or (b) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to the shares in Pandox.

Each distributor is responsible for undertaking its own target market assessment in respect of the shares in Pandox and determining appropriate distribution channels.

Forward-looking statements

This press release contains forward-looking statements that reflect the Company's intentions, beliefs, or current expectations about and targets for the Company's future results of operations, financial condition, liquidity, performance, prospects, anticipated growth, strategies and opportunities and the markets in which the Company operates. Forward-looking statements are statements that are not historical facts and may be identified by words such as "believe", "expect", "anticipate", "intend", "may", "plan", "estimate", "will", "should", "could", "aim" or "might", or, in each case, their negative, or similar expressions. The forward-looking statements in this press release are based upon various assumptions, many of which are based, in turn, upon further assumptions. Although the Company believes that the expectations reflected in these forward-looking statements are reasonable, it can

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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 70bn. The head quarter is in Stockholm, and we are listed on Nasdaq Stockholm. www.pandox.se.