



**SUNBORN CAPITAL MARKETS DAY 2019**

**17TH SEPTEMBER 2019**



# sunborn

Sunborn London Senior Secured Bond  
Q2 Presentation – September 2019

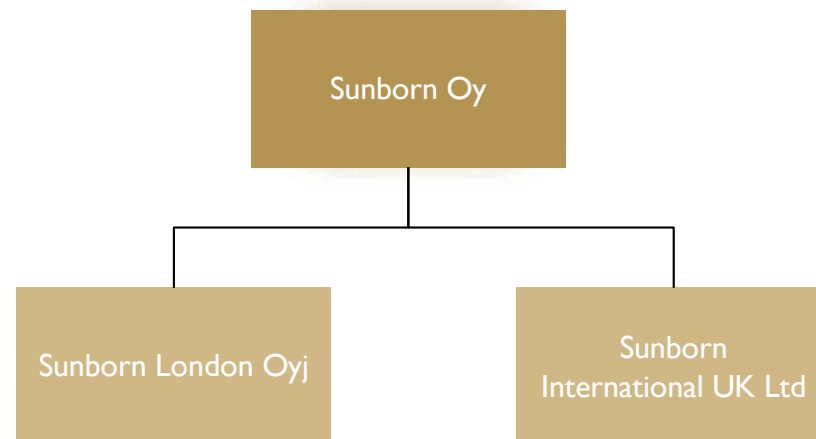




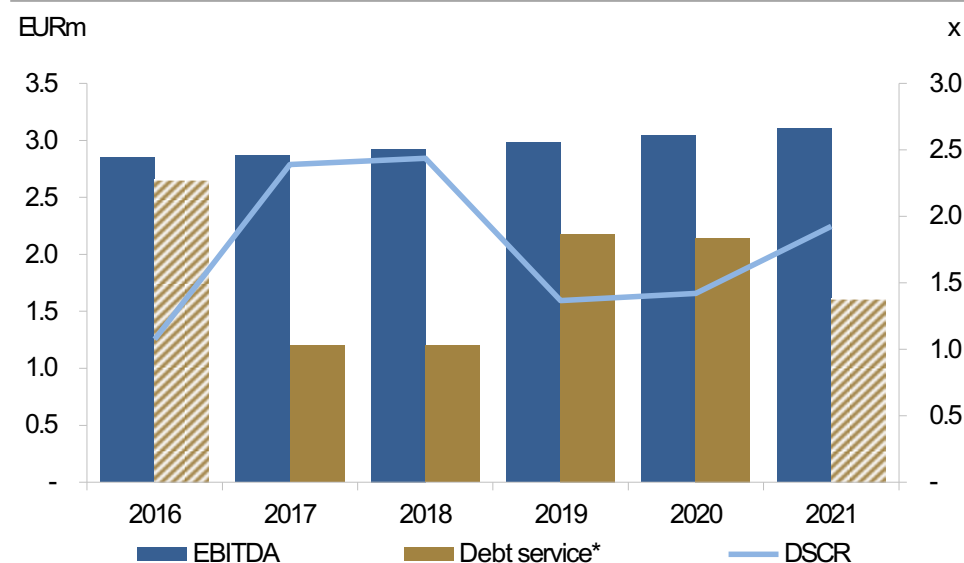


## Description

- Yacht hotel located in Dockland area of London with close proximity to the ExCel exhibition center, the O2 Arena, public transportation and Canary Wharf
  - The vessel was built in Germany in 2003
  - Moved from Turku in Finland to London and completed a EUR ~4.5m overhaul refurbishment and upkeeping in 2014 in addition to improvements done by ISS
  - 138 rooms and conference facilities for up to 200 delegates
- Excellent customer satisfaction reflected in the current score of 9.1/10 on Booking.com and #112 out of 1,068 hotels in London on TripAdvisor
- The vessel is owned by the Issuer and leased out to ISS Facility Services Ltd through an internal bareboat agreement between the Issuer and Sunborn International (UK) Ltd
- Strong project economics with an average DSCR of 1.9x and EUR ~26m fixed EBITDA backlog at bond maturity
- Profit share agreement might yield up to GBP 30,000 per year to Sunborn in addition to the fixed lease payment
- Cooperation agreement with ExCel Exhibition Center



## Debt service

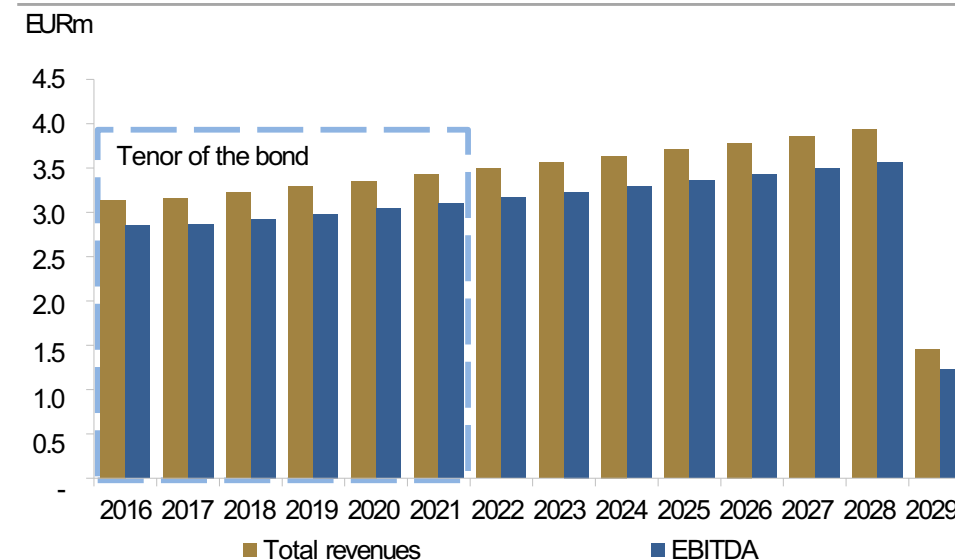




## Description

- The contract with ISS Facility Services Ltd (the “Operator”) commenced May 2014 and is ending in May 2029 after being extended with five years in 3Q 2016
- The extension is a result of a the long term partnership between Sunborn and ISS in a growing and profitable business for both parties
- The contract is a triple net lease, meaning that the Operator is responsible for paying all operational costs including vessel lease, other operating cost, maintenance, mooring fee, marketing of the hotel, etc
- The Operator also operates the vessel under the Sunborn brand
- Sunborn is only responsible for certain insurances and maintaining the hull (i.e. keeping it afloat) and has thus no operational or utilization risk
- Very strong protection provisions in the contract, essentially non-cancellable
- Due to the long nature of the contract, the Operator is incentivized to maintain the vessel in perfect conditions to ensure high occupancy rates and profitability of the hotel
- The Operator was the operator of Sunborn’s first vessel in London from 2003 to 2008, when the expansion works of ExCeL initiated
- The new contract and the upgrade of the new vessel was based on a pre- arrangement as Sunborn was considering to reallocate Sunborn London to London and ISS wanted to continue to be an operator of a Sunborn hotel
- Sunborn did not open for tender due to the strong relationship with ISS even though many operators indicated interest

## Fixed lease revenues and EBITDA



## Key features of the leasing contract

- The contract will have a tenor of 15 years with maturity in 2029
- The lease is GBP 220,000 per month
- ISS paid Sunborn GBP 1m in support to conduct the initial investment for the upgrade in 2014
- Sunborn is only responsible for maintenance and certain insurances
- The lender is granted step-in rights



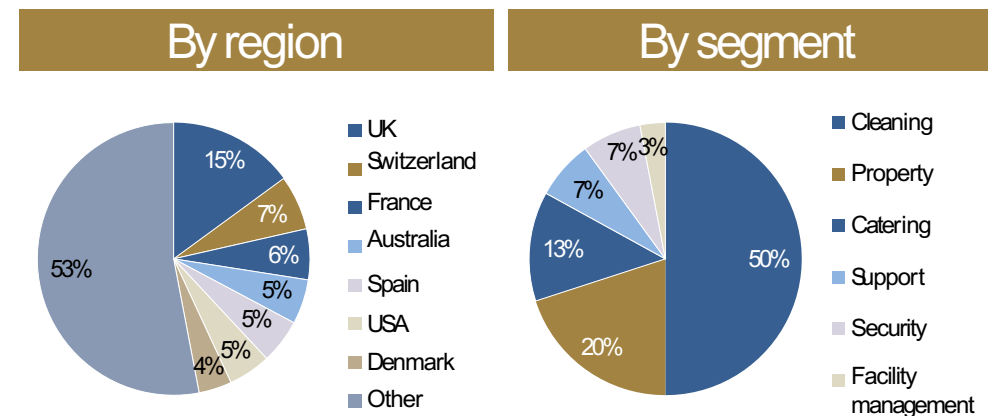
## Overview of ISS

- The ISS Group was founded in Copenhagen in 1901 and has grown to become one of the world's leading facility services companies
- The company has been listed on the OMX Nasdaq Copenhagen Stock Exchange since March 2014 and has a market cap of DKK 49.8bn/EUR 6.7bn
- In addition to cleaning services, which represent approximately 50% of ISS' revenues, the company provides services such as property management, catering, office support, security and facility management
- Many contracts are for multinational companies with facilities and offices in several countries and regions
- The home markets are Western Europe and the Nordics (51% and 19% of group revenues), but ISS has operations in over 70 countries
- UK is the largest market for ISS measured by revenues, and facility management remains the most important business segment in the UK

## Strong credit metrics

- Its finance company (i.e. the subsidiary that issues debt), ISS Global A/S, is investment grade credit rated (Baa2/BBB)
- Net debt to pro forma adj. EBITDA of 2.1x in 2015
- Cash conversion around 100% the last four years
- EUR 500m senior unsecured notes due 2024 priced at ~110% of par at a Z-spread of 68bps
- Comfortable debt maturity profile with no debt maturities until 2019 and onwards

## 2015 Revenues

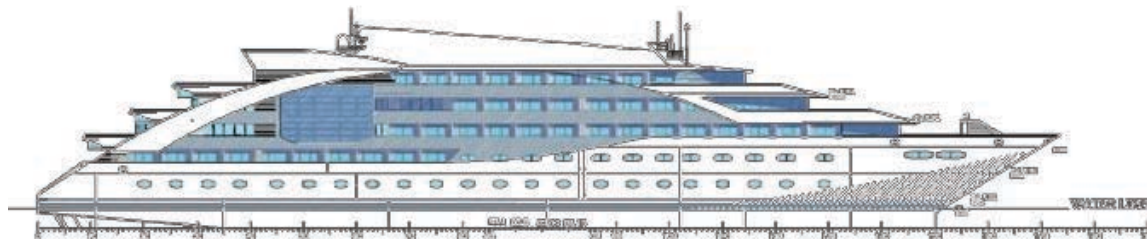


Total revenues of EUR 10.7bn in 2015



## Description

- Sunborn London is a non-propelled purpose-built yacht hotel designed for operating in sheltered waters along a quayside or pier
- Located in the Docklands area of London in the immediate vicinity of the ExCel Centre, O2 Arena, Emirates Cable Car, Canary Wharf, City Airport and the new Crossrail station
- Built at Kvaerner Shipyard (Germany) in 2003 and considerably upgraded in 2014
  - The EUR ~4.5m upgrade included a new exterior profile, renewal of main accommodation rooms, renewal of cabins and installation of new technical equipment
- The “new” Sunborn London was launched in May 2014
- Equipped with 138 cabins, including four suites or high class cabins, where all cabins are outside type and includes bathroom
- Total hotel capacity of 524 persons
- Conference facilities for up to 200 delegates, restaurant, bar, spa and lounge inside the yacht hotel
- Total building areas of 8,250m<sup>2</sup> excluding five accommodation decks
- High customer satisfaction reflected in the current score of 9.1/10 on Booking.com and #112 out of 1,068 hotels in London



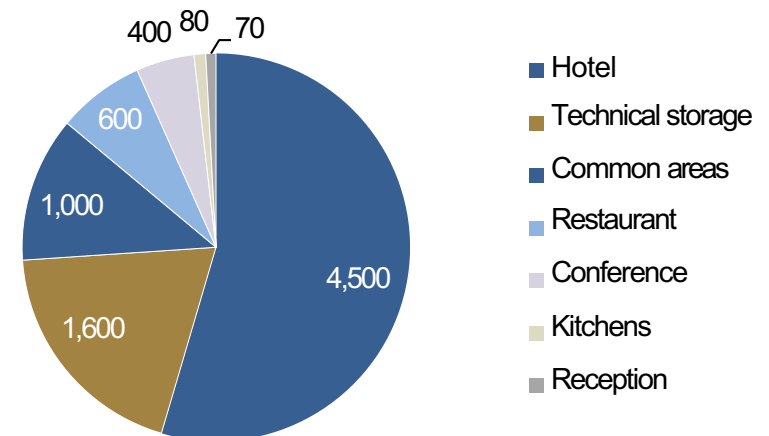
Source: Sunborn, Valuation report of Sunborn London, Altum, 20.04.2015

## Key specifications

Main dimensions	
Length	119.0m
Breadth	18.4m
Height (to deck 2)	6.0m
Design draught	1.9m

Cabin type	m <sup>2</sup>	Quantity	# persons	Total capacity
Royal suite	61.5	2	4	8
Owner's suite	43.3	2	4	8
State room	30.1	70	4	280
Executive state room	25.0	14	2	28
State room w/balcony	27.2	50	4	200
<b>Total</b>		<b>138</b>		<b>524</b>

## Area breakdown in m<sup>2</sup>





## HALF YEAR REPORT 1 January - 30 June 2019

### Key Figures

EUR thousand	1 Jan - 30 Jun 2019	1 Jan - 30 Jun 2018	1 Jan - 31 Dec 2018
Rental income	1 473	1 463	2 913
Operating profit	687	691	1 324
Investment property (Yacht hotel)	38 660	40 165	39 412
Total Equity	30 636	31 834	30 254
Borrowings	30 390	30 812	30 297

### Financial summary 1 January - 30 June 2019

Rental Income for the reporting period was 1.47 M€ (1.46 M€). Rental income in EUR was slightly affected by FX fluctuations. Operating costs are in line with previous year.

Fair value of the yacht hotel as at 30 June 2019 approximates the book value of the yacht hotel.





## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR thousand	Note	1 Jan - 30 Jun 2019	1 Jan - 30 Jun 2018	1 Jan - 31 Dec 2018
Rental income from group companies	3, 7	1 473	1 463	2 913
Other operating income		64	64	128
Depreciation	4	-752	-752	-1 505
Other operating expenses		-98	-84	-212
<b>Operating profit</b>		<b>687</b>	<b>691</b>	<b>1 324</b>
Finance income	7	779	779	1 559
Finance costs		-989	-966	-2 029
Finance income and costs, net		-210	-186	-470
<b>Profit before taxes</b>		<b>477</b>	<b>504</b>	<b>854</b>
Income tax expense		-161	-166	0
Change in deferred tax		65	65	-101
<b>Profit for the period</b>		<b>382</b>	<b>404</b>	<b>753</b>
<b>Total comprehensive income for the period</b>		<b>382</b>	<b>404</b>	<b>753</b>

The above statement of comprehensive income should be read in conjunction with the accompanying notes.



## CONSOLIDATED BALANCE SHEET

EUR thousand	Note	30 Jun 2019	31 Dec 2018	30 Jun 2018
<b>Assets</b>				
<b>Non-current assets</b>				
Investment property	4	38 660	39 412	40 165
Receivables from group companies	7	25 711	24 745	26 233
Cash collateral	6	880	880	880
<b>Total non-current assets</b>		<b>65 251</b>	<b>65 037</b>	<b>67 278</b>
<b>Current assets</b>				
Trade receivables from group companies	7	3 596	3 123	3 386
Trade and other receivables		15	14	33
Cash and cash equivalents		233	419	556
<b>Total current assets</b>		<b>3 844</b>	<b>3 556</b>	<b>3 975</b>
<b>Total assets</b>		<b>69 095</b>	<b>68 593</b>	<b>71 253</b>
<b>Equity and liabilities</b>				
Share capital		80	80	80
Reserve for invested unrestricted equity		600	600	600
Retained earnings		29 956	29 574	31 154
<b>Total equity</b>	5	<b>30 636</b>	<b>30 254</b>	<b>31 834</b>



## Liabilities

### Non-current liabilities

Borrowings	6	29 718	29 625	30 204
Deferred income	4	578	642	706
Deferred income tax liabilities		7 306	7 371	7 688
<b>Total non-current liabilities</b>		<b>37 601</b>	<b>37 638</b>	<b>38 598</b>

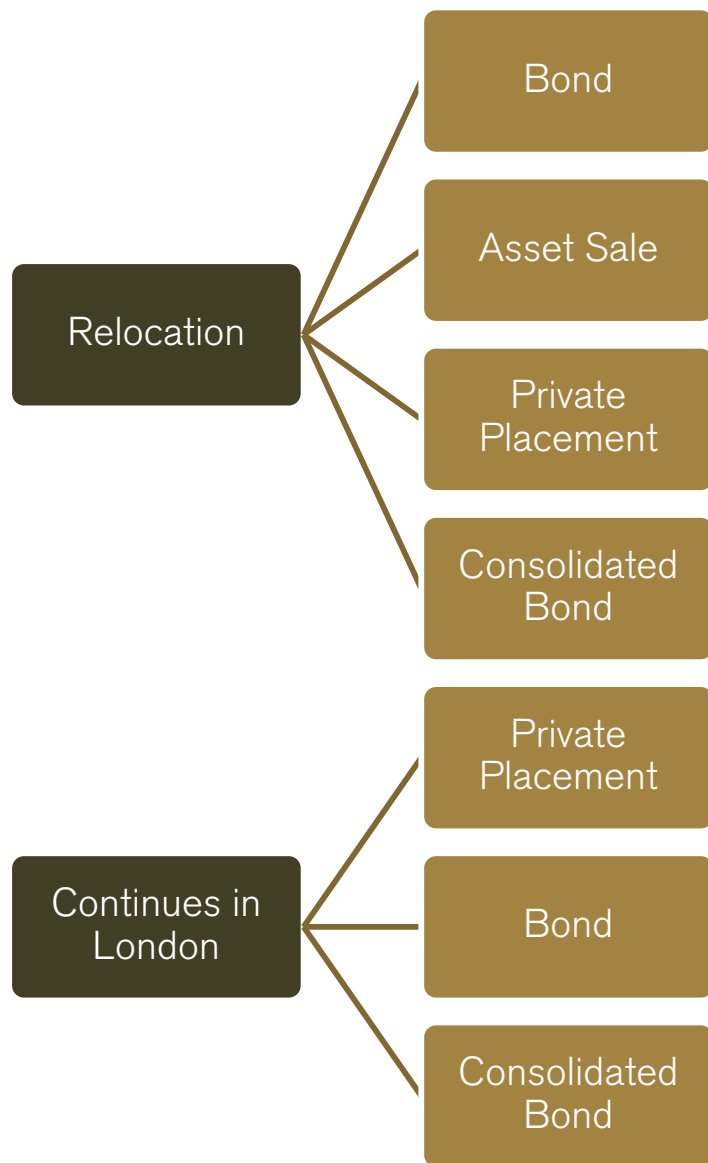
### Current liabilities

Trade and other payables		0	0	23
Payables to group companies	7	5	5	5
Borrowings	6	672	672	608
Accrued expenses		180	24	185
<b>Total current liabilities</b>		<b>857</b>	<b>701</b>	<b>821</b>

<b>Total liabilities</b>		<b>38 459</b>	<b>38 339</b>	<b>39 418</b>
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<b>Total equity and liabilities</b>		<b>69 095</b>	<b>68 593</b>	<b>71 253</b>
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The above balance sheet should be read in conjunction with the accompanying notes.



## Preferred Route **Relocation and Lease**

- Continued Lease with new operator in relocation city
- Refinance based on lease agreement

## **Trade Sale** and Licensing in new City

### Consolidated Bond / Private Placement:

- 2 Yacht Assets 75-88 M euros
- 5 to 10 Y Term
- Reinforced Structure with new capital

Private placement with selected pension funds and or financial institutions

