

Press release, 11 December 2020

Sunborn London Oyj
FRN Senior Secured EUR 32 million Bonds 2016/2021
ISIN NO 001 0775141

Sunborn London Oyj - Bondholders' Meeting

Nordic Trustee AS is appointed as bond trustee for the holders of the above mentioned bond issue FRN Senior Secured EUR 32 million Bonds 2016/2021 with ISIN NO 001 0775141 issued by Sunborn London Oyj.

The Bond Trustee has issued this request for a Bondholders' Meeting pursuant to a written request from the Sunborn London Oyj, in accordance with the terms of the Bond Terms. To enable Sunborn London Oyj to conduct the proposed changes of the Bond Terms, the Issuer has requested the Bond Trustee to summon a Bondholders' Meeting to consider the approval of the Proposal.

The Proposal is available at Sunborn London Oyj web www.sunborn.com/press

Background summary:

The current hotel operator of Sunborn London Yacht Hotel, ISS Facility Services Ltd, has announced a strategic decision to withdraw from hospitality operations. Sunborn London is the only remaining hotel management contract ISS UK has in its portfolio, hence the service provider has explored routes to exit the contract prematurely. Sunborn has a good and longstanding relationship with ISS and due to ISS' wish to exit in good faith, a settlement exit offer has negotiated with Sunborn.

If the settlement is accepted by bond holders, Sunborn's current operating entity in United Kingdom would aim to take over operations after the transition from ISS management. Sunborn is a highly experienced hotel operator with award winning luxury hotel properties, international skilled executive team and has considered carefully the offer from ISS and concluded it to be acceptable. Sunborn has also identified synergies between its current sister vessel operations in Gibraltar to benefit from combined resources in management, sales, marketing and technical support. There would be no loss in expertise - management and staff employed in the hotel will all be transferred to Sunborn in an orderly fashion. The plan contains a transition period of up to 3 months in order to hand over the operations in the best possible way. The deal is contingent to being executed before 31st December 2020 and having bondholders approval. Both ISS and Sunborn have worked diligently to enable the Sunborn to propose this time sensitive opportunity to bondholders before the year end.

Sunborn *inter alia* propose the following for bondholders:

- (i) Sunborn amortise the outstanding bond by an amount of EUR 5.0million (repaid pro rata at 100% of the Nominal Amount plus accrued interest), reducing it to an amount of EUR 24.5million.
- (ii) Remaining proceeds from the settlement will remain in the hotel operating company to handle initial working capital needs and serve as working capital and handle immediate transaction costs
- (iii) Introduce a maintenance Interest Coverage Ratio covenant in the Issuer of 1.10x.
- (iv) Option to extend the maturity of the bond to September 2022. This would lower the refinancing risk of the bond, and in return, Sunborn would offer to repay bondholders at a price of 108 per cent. of the nominal amount on the new maturity date.
- (v) Bareboat charter agreement between the hotel operator, Sunborn International (UK) Ltd and the yacht hotel owner, Sunborn London Oyj remains in place. However with a lower outstanding bond amount and to allow for Covid-19 effects, monthly payment is adjusted to £195k (compared to the pre Covid-19 payment of £220k and current ISS discounted payment of £187k).
- (vi) Introduce Sunborn International Holding Oy as guarantor (owner of Sunborn's two yacht hotels, Sunborn Gibraltar and Sunborn London).
- (vii) The ability to use any government support programs in the operating company (unsecured) if available with a limit of EUR 2 million.

Based on the information contained on the Issuer's web and in this press release, the Bondholders are hereby summoned to a Bondholders' Meeting:

Time: 29th December 2020 at 13:00 hours (Oslo time),

**Place: The premises of Nordic Trustee AS,
Kronprinsesse Märthas plass 1, 0160 Oslo**

Agenda:

1. Approval of the summons.
2. Approval of the agenda.
3. Election of two persons to co-sign the minutes together with the chairman.
4. Request for adoption of the Proposal:

It is proposed that the Bondholders' Meeting resolve the following:

“The Bondholders approve the Proposal as described in section 2 of the summons letter, and authorise and instruct the Bond Trustee to take such steps on behalf of the Bondholders as may be necessary or desirable in connection with the implementation of the Proposal, including without limitation to prepare, finalise and enter into the necessary agreements including an addendum to or amended Bond Terms (and any other amendment agreements or other documentation relating thereto or the other Finance Documents) to reflect the above.”

For questions regarding the proposals and requests set out in the notice of bondholders meeting, please contact the consent solicitation agent at

DNB Markets:

Att: Bond Syndicate

bond.syndicate@dnb.no

For further information on the Proposal, please contact:

Hans Niemi, CEO

Telephone: +358 2445 4513

Email: hans.niemi@sunborn.com

Information: This information is information that Sunborn London Oyj is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact person set out above, at 14:30CET on 11 December 2020.

ANNEX I



Denne melding til obligasjonseierne er kun utarbeidet på engelsk. For informasjon vennligst kontakt Nordic Trustee AS

To the bondholders in:

ISIN: NO 0010775141 - Sunborn London Oyj FRN Senior Secured EUR 32 million Bonds 2016/2021

Oslo, 11 December 2020

Summons to Bondholders' Meeting – Consent to inter alia change Project Documents and extension of Maturity Date

Nordic Trustee AS ("**Nordic Trustee**") is appointed as bond trustee (the "**Bond Trustee**") for the holders of the above mentioned bond issue FRN Senior Secured EUR 32 million Bonds 2016/2021 with ISIN NO 001 077514.1 (the "**Bonds**") issued by Sunborn London Oyj (the "**Issuer**", the "**Company**" or "**Sunborn**").

All capitalised terms used and not otherwise defined herein shall have the meaning assigned to them in the loan agreement for the Bonds dated 22 September 2016, as amended by an amendment agreement dated 30 April 2020 (the "**Bond Terms**").

Unless the context requires otherwise, references to Clauses and paragraphs are references to Clauses and paragraphs of the Bond Terms and capitalized terms not defined herein refer to definitions of the Bond Terms.

The Bond Trustee has issued this request for a Bondholders' Meeting pursuant to a written request from the Issuer, in accordance with the terms of the Bond Terms.

The information in this notice (“Notice”) regarding the Issuer, the market conditions and the described transactions is provided by the Issuer, and the Bond Trustee expressly disclaims all liability whatsoever related to such information.

1. BACKGROUND AND SUMMARY OF THE PROPOSAL

The current hotel operator of Sunborn London Yacht Hotel, ISS Facility Services Ltd, has announced a strategic decision to withdraw from hospitality operations and effectively shut down their hotel division. Sunborn London is the only remaining hotel management contract ISS UK has in its portfolio, hence the service provider has explored routes to exit the contract prematurely.

Sunborn has a good and longstanding relationship with ISS. Due to ISS' wish to exit in good faith, an offer has been made after negotiations with Sunborn including the following:

- a) ISS pays a one-off settlement fee equal to ~2.5 years fixed management lease.
- b) As part of the business transfer ISS transfers to Sunborn the full and complete operations, hotel staff and management, relevant equipment belonging to the operation.
- c) No loss in expertise - management and staff employed in the hotel will all be transferred to Sunborn in an orderly fashion.
- d) Transition period of up to 3 months in order to hand over the operations in the best possible way. The deal is contingent to being executed before 31st December 2020 and having bondholders approval. Both ISS and Sunborn have worked diligently to enable the Sunborn to propose this time sensitive opportunity to bondholders before the year end.

Sunborn is a highly experienced hotel operator with award winning luxury hotel properties, international skilled executive team and has considered carefully the offer from ISS and concluded it to be acceptable. Sunborn has also identified synergies between its current sister vessel operations in Gibraltar to benefit from combined resources in management, sales, marketing and technical support.

Should the contract exit offer be agreed upon, Sunborn propose the following for bondholders:

- (viii) Sunborn amortise the outstanding bond by an amount of EUR 5.0million (repaid pro rata at 100% of the Nominal Amount plus accrued interest), reducing it to an amount of EUR 24.5million.
- (ix) Remaining cash from the settlement will be set aside in the hotel operating company to handle initial working capital needs and serve as working capital during the pandemic.
- (x) Introduce a maintenance Interest Coverage Ratio covenant in the Issuer of 1.10x.
- (xi) Option to extend the maturity of the bond to September 2022. This would lower the refinancing risk of the bond, and in return, Sunborn would offer to repay bondholders at a price of 108 per cent. of the nominal amount on the new maturity date.
- (xii) Bareboat charter agreement between the hotel operator, Sunborn International (UK) Ltd and the yacht hotel owner, Sunborn London Oyj remains in place. However with a lower outstanding bond amount and to allow for Covid-19 effects, monthly payment is adjusted to £195k (compared to the pre Covid-19 payment of £220k and current ISS discounted payment of £187k).
- (xiii) Introduce Sunborn International Holding Oy as guarantor (owner of Sunborn's two yacht hotels, Sunborn Gibraltar and Sunborn London).
- (xiv) The ability to use any government support programs in the operating company (unsecured) if available with a limit of EUR 2 million.

2. THE PROPOSAL

Based on the above, the Issuer hereby asks that the Bondholders adopt a resolution whereby the following, subject to the ISS termination being agreed, is consented to and approved:

(I) **Project Documents**

With reference to Clause 13.12 (*Project Document*);

- (a) to terminate the Existing Management Lease; and
- (b) to reduce the scheduled hire under the Bareboat Agreement (with approximately 9%, applicable from 1 July 2020) and make any other required changes to such agreement to reflect the termination of the Existing Management Lease and that the Guarantor shall continue as the operator of the Barge.

(II) **Extraordinary redemption of Bonds**

To make an additional instalment in the amount of EUR 5,000,000, with settlement within 30 Business Days following receipt of the one-off settlement fee from ISS, repaid at 100 per cent. of the Nominal Amount plus accrued interest on the redeemed amount and on a pro rata basis (and, for the avoidance of doubt, without reducing any instalment in accordance with the Bond Terms, Clause 10.1 (*Redemption of Bonds*)).

(III) **Additional Guarantor**

With reference to Clause 2.6 (*On demand guarantee*), to add the Issuer's parent company, Sunborn International Holding Oy as guarantor for the Bond Issue (in such capacity, the "Parent Guarantor").

(IV) **Financial Covenant**

With reference to Clause 13.20 (*Financial covenant*), to add an interest cover ratio maintenance covenant which requires that the ratio of the Issuer's EBITDA to Net Finance Charges shall be no less than 1.10 : 1.00, tested semi-annually, using the following definitions:

"EBITDA" shall mean in respect of the Reference Period, the profit of the Issuer from ordinary activities according to the latest Financial Report(s):

- (a) before deducting any amount of tax on profits, gains or income paid or payable by the Issuer;*
- (b) before deducting any Net Finance Charges;*
- (c) before taking into account any extraordinary items which are not in line with the ordinary course of business;*
- (d) before taking into account any transaction costs and any transaction costs relating to any acquisition of any additional target company;*
- (e) not including any accrued interest owing to any member of the Group;*
- (f) before taking into account any unrealised gains or losses on any derivative instrument (other than any derivative instruments which is accounted for on a hedge account basis);*
- (g) after adding back or deducting, as the case may be, the amount of any loss or gain against book value arising on a disposal of any asset (other than in the ordinary course of trading) and any loss or gain arising from an upward or downward revaluation of any asset;*
- (h) after deducting the amount of any profit (or adding back the amount of any loss) of the Issuer which is attributable to minority interests;*
- (i) plus or minus the Issuer's share of the profits or losses of entities which are not part of the Group; and*
- (j) after adding back any amount attributable to the amortisation, depreciation or depletion of assets of the Issuer.*

"Finance Charges" shall mean, for the Reference Period, the aggregate amount of the accrued interest, commission, fees, discounts, payment fees, premiums or charges and other finance payments in respect of Financial Indebtedness (excluding for the avoidance of doubt any fees and other charges and expenses paid in connection with the request for and implementation of the amendments to the Bond Terms) whether paid, payable or capitalised by the Issuer according to the latest Financial Report(s) other than capitalised interest in respect of any loan owing to any member of the Group or any Subordinated Loan and taking no account of any unrealised gains or losses on any derivative instruments other than any derivative instrument which are accounted for on a hedge accounting basis.

"Net Finance Charges" shall mean means, for the Reference Period, the Finance Charges according to the latest Financial Report(s), after deducting any interest payable for that Reference Period to the Issuer and any interest income relating to cash or cash equivalent investment (and excluding any interest capitalised on loans provided to a member of the Group).

"Reference Period" shall mean each period of 12 consecutive calendar months.

(V) **Maturity**

With reference to Clause 1.1. (*Definitions*), to add a new definition of "New Maturity Date", and rename the definition of the "Maturity Date" to the "Original Maturity Date", which will read as follows:

"New Maturity Date" means 5 September 2022.

"Original Maturity Date" means 27 September 2021.

(VI) **Call option and redemption at Original Maturity Date and New Maturity Date**

With reference to Clause 10.1 (*Redemption of Bonds*), to amend paragraph (d) to reflect an increased redemption price at the New Maturity Date and read as follows:

"Any remaining Outstanding Bonds will be redeemed in full on the New Maturity Date at a price equal to 108.00 per cent. of the Nominal Amount."

Furthermore, to include a new Clause 10.7 with the heading "Voluntary early redemption - Call Option", which will read as follows:

"The Issuer may redeem all (but not some) of the Outstanding Bonds (the "Call Option"):

- (i) on the Original Maturity Date at a price equal to 100.00 per cent. of the Nominal Amount;*

- (ii) *from and including the first Business Day following the Original Maturity Date to but not including the Interest Payment Date in March 2022 at a price equal to 104.00 per cent. of the Nominal Amount; and*
- (iii) *from and including the Interest Payment Date in March 2022 to but not including, the New Maturity Date at a price equal to 108.00 per cent. of the Nominal Amount."*

(and the standard notice periods and relevant other provisions applicable to call options to be in line with Nordic Trustee's current template for corporate bonds).

(VII) Additional mandatory partial redemption in case of no call

To include a new Clause 10.8 with the heading "Mandatory early redemption – no call", which will read as follows:

"In the event that the Call Option set out in Clause 10.7 (Voluntary early redemption - Call Option) has not been exercised prior to the Interest Payment Date in March 2022, the Issuer shall on the Interest Payment Date in March 2022 redeem Bonds in an amount of EUR 500,000 at a price of 100.00 per cent. of the Nominal Amount, plus accrued interest on the redeemed Bonds."

(VIII) Unsecured governmental support program loans – Covid-19

With reference to Clause 1.1. (*Definitions*) and Clause 13.5 (*Financial Indebtedness*), to add a new paragraph (v) to the definition of "Permitted Financial Indebtedness", which shall read as follows:

"(v) in respect of the Guarantor, any unsecured Financial Indebtedness arising under any governmental program (where financing is provided by or guaranteed by a governmental body or by way of deferred tax liabilities) in the aggregated maximum amount of EUR 2,000,000"

(paragraph (I) through (VIII) in this Section 2 hereinafter referred to as the "**Proposal**"),

and the Bondholders authorise and instruct the Bond Trustee to, subject to the ISS termination being agreed, take such steps on behalf of the Bondholders as may be necessary or desirable in connection with the implementation of the Proposal, including without limitation to prepare, finalise and enter into the necessary agreements including an addendum to or amended Bond Terms (and any other amendment agreements or other documentation relating thereto or the other Finance Documents) to reflect the above.

3. COMPANY UPDATE

For access to the latest reports and other recent publications of the Company, please consult the Group's website <https://www.sunborn.com>.

4. EVALUATION OF THE PROPOSAL

In the Issuer's opinion, the Proposal represents a good opportunity to significantly reduce the outstanding amount, lower the risk of refinancing, improve the credit metrics and add value to the bondholders in what has been a difficult and unprecedented year in hospitality. The deal is contingent to being executed before 31st December 2020 and having bondholder approval. Both ISS and Sunborn have worked diligently to enable the Sunborn to propose this time sensitive opportunity to bondholders before the year end.

Sunborn is a capable operator and is able to continue the Sunborn London operations with the current, dedicated and skilled management and hotel team without disruption.

Sunborn London's is a top rated hotel in London which has outperformed peers prior to and during the Covid-19 pandemic:

- Sunborn London has consistently performed at average occupancy rate above 80% 2017-2019 with top ratings at Bookings.com, Expedia and Hotels.com
- During the Covid-19 pandemic, Sunborn London has outperformed peers thanks to its unique offering and ability to attract customers
- Positive news on vaccines is already shown in pre-bookings for 2021
- Sunborn Group is confident in the ability to run Sunborn London profitably in 2021 and are well prepared to handle a potentially prolonged pandemic situation

If Bondholders require any further details on the information contained in this notice or the Proposal, they should contact the Issuer or the Advisor through the following contacts:

Mr. Hans Niemi

Executive Director of Sunborn Corporation

Email: hans.niemi@sunborn.com

Telephone: (d) +358 2 4454 513

DNB Markets:

Att: Bond Syndicate

bond.syndicate@dnb.no

5. NON-RELIANCE

The request is put forward to the Bondholders without further evaluation or recommendations from the Bond Trustee. Nothing herein shall constitute a recommendation to the Bondholders by the Bond Trustee. The Bondholders must independently evaluate whether the proposed changes are acceptable and vote accordingly.

5. SUMMONS FOR BONDHOLDERS' MEETING

To enable the Issuer to conduct the proposed changes of the Bond Terms, the Issuer has requested the Bond Trustee to summon a Bondholders' Meeting to consider the approval of the Proposal.

Based on the information contained herein, the Bondholders are hereby summoned to a Bondholders' Meeting:

Time: 29 December 2020 at 13:00 hours (Oslo time),

Place: The premises of Nordic Trustee AS,
Kronprinsesse Märthas plass 1, 0160 Oslo

Agenda:

1. Approval of the summons.
2. Approval of the agenda.
5. Election of two persons to co-sign the minutes together with the chairman.
6. Request for adoption of the Proposal:

It is proposed that the Bondholders' Meeting resolve the following:

“The Bondholders approve the Proposal as described in section 2 of the summons letter, and authorise and instruct the Bond Trustee to take such steps on behalf of the Bondholders as may be necessary or desirable in connection with the implementation of the Proposal, including without limitation to prepare, finalise and enter into the necessary agreements including an addendum to or amended Bond Terms (and any other amendment agreements or other documentation relating thereto or the other Finance Documents) to reflect the above.”

To approve the above resolution, Bondholders representing at least 2/3 of the Voting Bonds represented in person or by proxy at the Bondholders' Meeting must vote in favour of the Proposal. In order to have a quorum, at least 1/2 of the Voting Bonds must be represented at the Bondholders' Meeting. If the Proposal is not adopted, the Bond Terms will remain unchanged.

Please find attached a Bondholder's Form from the Securities Depository (VPS), indicating your bondholding at the printing date. The Bondholder's Form will serve as proof of ownership of the Bonds and of the voting rights at the Bondholders' Meeting. (If the bonds are held in custody - i.e. the owner is not registered directly in the VPS - the custodian must confirm; (i) the owner of the bonds, (ii) the aggregate nominal amount of the bonds and (iii) the account number in VPS on which the bonds are registered.)

The individual bondholder may authorise the Company or Nordic Trustee to vote on its behalf, in which case the Bondholder's Form also serves as a proxy. A duly signed Bondholder's Form, authorising the Company or Nordic Trustee to vote, must then be returned to Nordic Trustee in due time before the meeting is scheduled (by scanned e-mail, telefax or post).

At the Bondholders' Meeting votes may be cast based on bonds held at close of business on the day prior to the date of the Bondholders' Meeting. In the event that Bonds have been transferred to a new owner after the Bondholder's Form was made, the new Bondholder must bring to the Bondholders' meeting or enclose with the proxy, as the case may be, evidence which the Bond Trustee accepts as sufficient proof of the ownership of the Bonds.

For practical purposes, we would prefer that those who intend to attend the Bondholders' Meeting, either in person or by proxy other than to Nordic Trustee, to notify Nordic Trustee by telephone or by e-mail (mail@nordictrustee.com) within 16:00 hours (4 pm) (Oslo time) the Business Day before the meeting takes place.

Yours sincerely

Nordic Trustee AS

Vivian Trøsch

Proxy

We, [name of company] hereby appoint Nordic Trustee AS to vote on our behalf at the Bondholders' meeting in the bond issue "Sunborn London Oyj FRN Senior Secured EUR 32 million Bonds 2016/2021" with ISIN NO 0010775141.

The meeting will be held on 29 December at 1300 hours (Oslo time), and Nordic Trustee shall vote in the following manner:

- In favour of the proposed resolution
- In disfavour of the proposed resolution.

ISIN ISIN NO 0010775141	Amount of bonds owned [amount]
Custodian name [name of custodian]	Account number at Custodian
Company	Day time telephone number [+XX XXX]
	Email [XXX]

Enclosed to this proxy is the complete printout from our custodian/VPS,¹ verifying our bondholding in the bond issue as of [XX], which also is our bondholding as the date of the Bondholders' meeting.

We acknowledge that Nordic Trustee AS in relation to the Bondholders' meeting for verification purposes may obtain information regarding our holding of bonds on the above stated account in the securities register VPS.

.....
Place, date

.....
Signature

Return:

Nordic Trustee AS
P.O.Box 1470 Vika
N-0116 Oslo

Telefax: +47 22 87 94 10 Tel: +47 22 87 94 00 mailto: mail@nordictrustee.com

¹ If the bonds are held in custody other than in the VPS, an evidence provided from the custodian – confirming that (i) you are the owner of the bonds, (ii) in which account number the bonds are hold, and (iii) the amount of bonds owned.