sunborn

Sunborn Gibraltar Senior Secured Bond

Investor Presentation – May 15th, 2020

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In particular, each Bondholder should:

a) have sufficient knowledge and experience to make a meaningful evaluation of the Proposal, the Bonds, the merits and risks of the Bonds and the Terms and Conditions (as amended by the Proposal) and the information contained or incorporated by reference in this document or any applicable supplement;
b) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, the Proposal, the Bonds, the Terms and Conditions (as amended by the Proposal) and the impact other bonds will have on its overall investment portfolio;
c) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Bonds (as amended by the Proposal);
d) understand thoroughly the Proposal and the Terms and Conditions (as amended by the Proposal); and
e) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the relevant risks.

The Solicitation Agent does not make any recommendation as to whether the Bondholders should participate in the Proposal. The Solicitation Agent has not retained and does not intend to retain any unaffiliated representative to act solely on behalf of the Bondholders of the for purposes of negotiating the Proposal or preparing a report concerning the fairness of the Proposal. The Solicitation Agent does not do not take a position as to whether you ought to participate in the Proposal.

This Presentation does not discuss the tax consequences to Bondholders. Bondholders are urged to consult their own independent financial or other professional advisors regarding possible tax consequences of the Proposal to them under the laws of any relevant jurisdiction. The Bondholders are liable for their own taxes and have no recourse to the Issuer, the Solicitation Agent or any of their Representatives with respect to taxes arising in connection with the Proposal.

Responsibility for complying with the procedures of the Proposal

The Bondholders are responsible for complying with all of the procedures for participation and voting in respect of the Proposal as set out in the notice of written procedure. Neither the Issuer nor the Solicitation Agent assumes any responsibility for informing any Bondholder of irregularities with respect to such Bondholder's participation in the Proposal (including any errors or other irregularities, manifest or otherwise, in any voting instruction).

Conflict of interest

The Solicitation Agent and/or its Representatives may hold shares, options or other securities of the Group and may, as principal or agent, buy or sell such securities. The Solicitation Agent may have other financial interests in transactions involving these securities or the Group.

Consent solicitation fee

The Solicitation Agent will be paid a fee by the Issuer for its consent solicitation in respect of the Proposal.

Audit review of financial information

The financial information contained in this Presentation has not been reviewed by the Group's auditor or any other auditor or financial expert. Hence, such financial information might not have been produced in accordance with applicable or recommended accounting principles and may furthermore contain errors and/or miscalculations. The Group is the source of the financial information, and none of the Solicitation Agent or any of its Representatives shall have any liability (in negligence or otherwise) for any inaccuracy of the financial information set forth in this Presentation.

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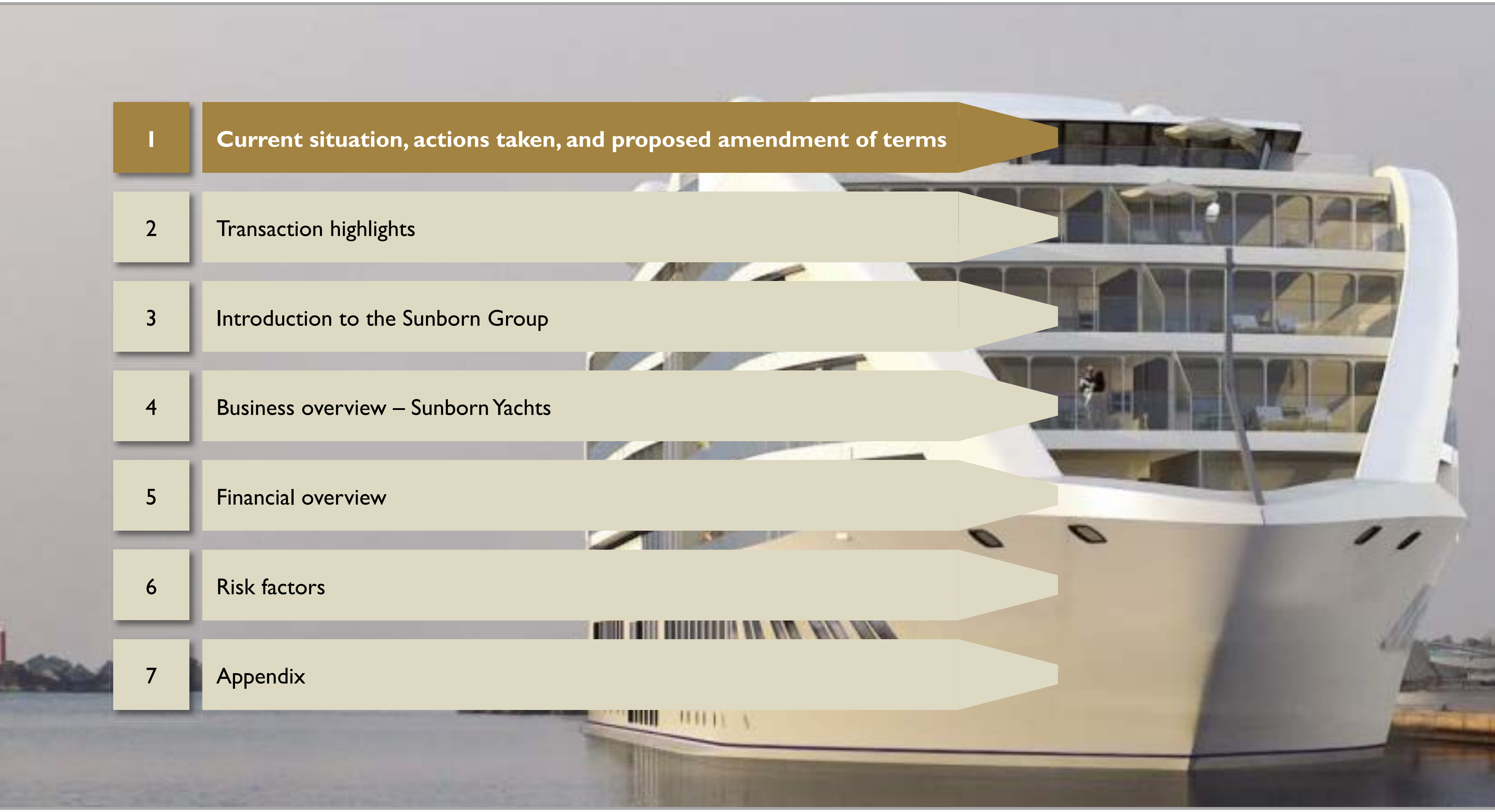


Sunborn Gibraltar is resilient despite macroeconomic turmoil

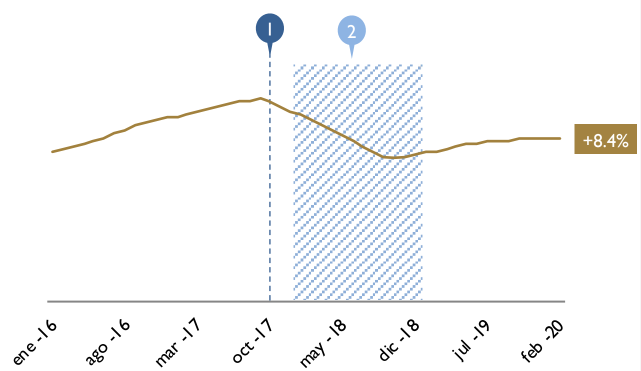
Overview

- Sunborn Gibraltar is a key player in the Gibraltar hotel market as the clear market leader, ranked #1
- The arrival of the Sunborn yacht hotel in mid-2014 significantly altered the hotel landscape in terms of market level, product quality and facility provision
- Despite significant macroeconomic effects, Sunborn Gibraltar has managed to repeatedly uphold profitability amid periodic downturns due to a competent, and experienced team

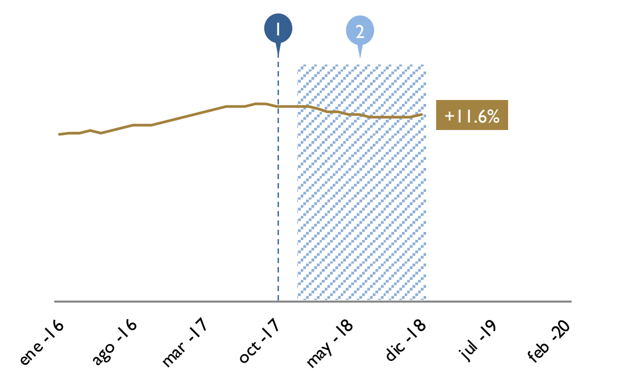
1. Following Monarch Airline's bankruptcy filing in October 2017, the Gibraltar hotel and tourism market suffered tremendously affecting almost all hotels and tourism-related enterprises in Gibraltar
2. Brexit has caused significant downturns in the Gibraltar hotel and tourism market following uncertainties during prolonged discussions and negotiations affecting arrivals from the UK, however, Sunborn Gibraltar have managed to uphold an improvement in performance

Key metrics of tourism in Gibraltar and Sunborn Gibraltar performance

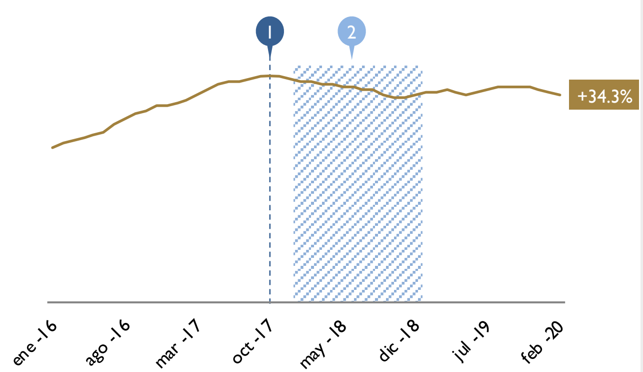
Avg. arrivals in Gibraltar[1]



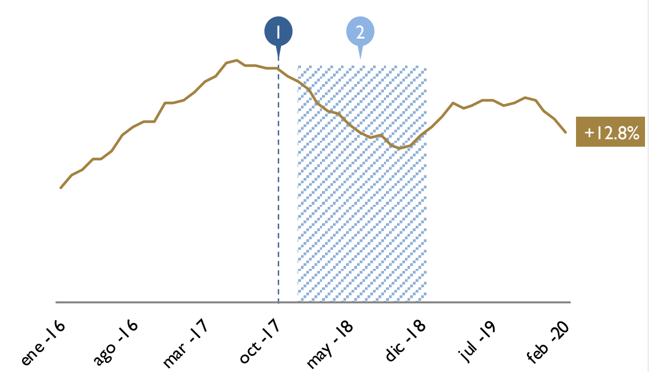
Occupancy rate in Gibraltar[1]



Average room rate at Sunborn Gibraltar (GBP)[1]



Occupancy rate at Sunborn Gibraltar (%)[1]



Despite macroeconomic headwinds and speed-bumps, Sunborn Gibraltar is a resilient business backed by experienced management

1) Based on a 12 month rolling average

Overview of the effects from COVID-19 on Sunborn Gibraltar

Sunborn Gibraltar Covid-19 virus log and actions taken

March 13

Beginning of pandemic

Gibraltar Government declares restaurants, bars, and cafés to close for business and Sunborn closed down one of its restaurants

March 16

Government announce key measures for business assistance

Gibraltar Government announces key measures to assist businesses including rental discounts, business, water, and electricity charge waivers, waivers of social costs of employment, a food stock purchase scheme where Sunborn donated to government food provider

March 17

Non-essential travel banned

UK Foreign & Commonwealth Office announced **an advisory against all non-essential travel for 30 days and all British Airways Holidays bookings to hotel were cancelled**

March 18

Reduction in operations and cancellation of bookings

Hotel management held an all-staff meeting to **inform reduction in operations effective from March 22nd** and contacted guests with March and April reservations to **cancel or modify bookings to August onwards**

March 22

Reduced operations and extended state of emergency

Reduced all operation staff to one watchman at hotel in conjunction with Easyjet's announcement of grounding majority of its fleet from March 24th

Spanish government extends state of emergency by 15 days

March 23

One hotel staff member and one watchman

One staff member in reservations and one watchman work at the hotel

March 24

Enforced lockdown and employee payroll reduction

Gibraltar Government declares lockdown to be enforced by Royal Police allowing only supermarkets, grocery shops, and pharmacies to remain open with restaurants allowed to provide takeaway and home delivery services

Government announces inactive employee status for April with max. GBP 1,155 per employee effectively **reducing company payroll by ~95%** as only select few staff members and heads of staff will continue working

Sunborn Gibraltar has adapted to the COVID-19 situation

Actions implemented to mitigate effects from COVID-19 virus

- **Lay off staff**
  - Only one hotel staff member in reservations and one watchman work at the hotel
- **Reduce investments**
  - Both long-term investments and some maintenance capital expenditures without jeopardizing the value of the hotel
- **Separate guests as far as possible**
- **Seek government support for covering costs and handling liquidity with government supported working capital loans**
  - Government has initiated fiscal support for affected sectors including furloughing payments, tax deferrals and other measure aimed at reducing fixed costs of businesses
  - Discussions for other financial supports, including loans, are ongoing
- **Plan for recovery rebound and maintain pricing strategy for peak season expecting lower occupancy**
- **Reduce marketing and administrative costs, manage utilities and fixed costs**

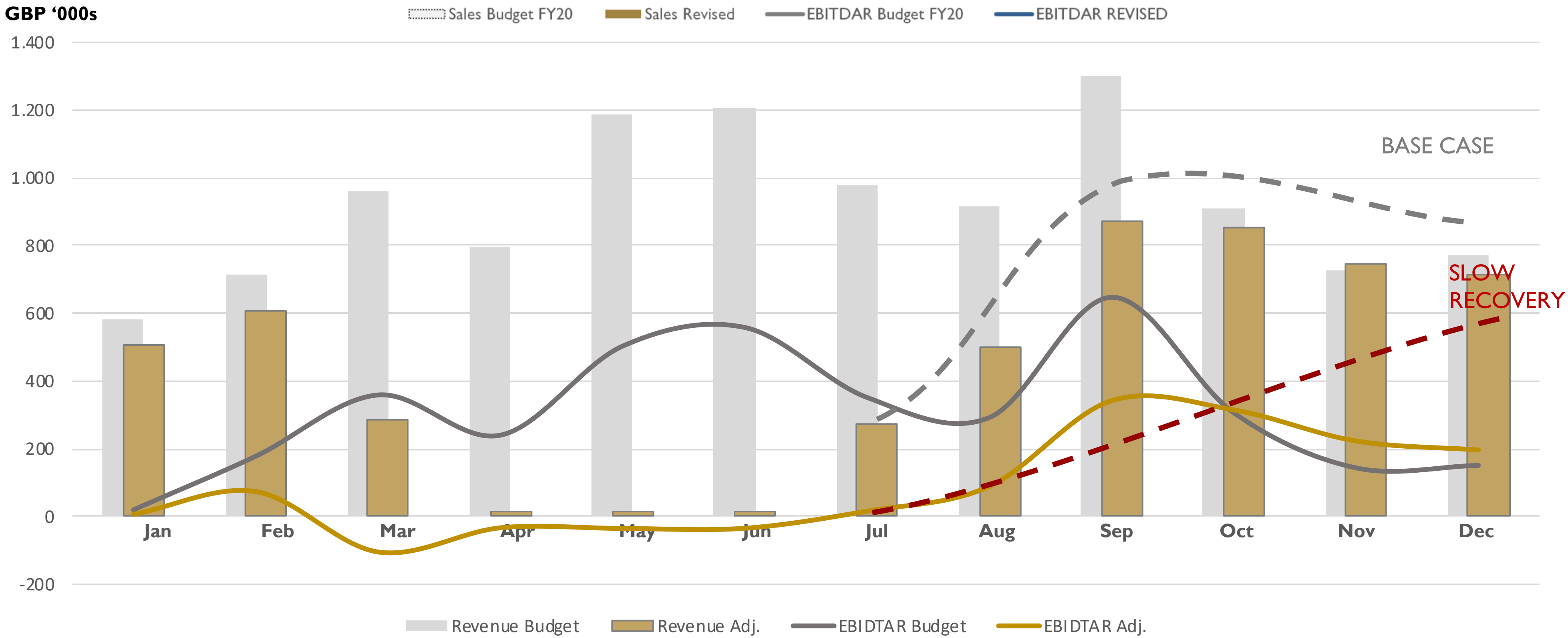
Short term strategies

- **Cost and cash flow control, account receivables**
- **Implement Government Fiscal support programs incl. staff furlough costs, utility and tax support, cost deferral waivers**
- **Managing sales, reservations and preparing for reopening**
- **Arrangements with bondholders to weather current crisis**
- **Short term funding during virus:** Working capital loans / share holder loans into operator from parent group. While the expected cash burn during closure is minimized, any short fall in Operator will be covered by injections from parent group when necessary. The company is also looking at tapping government backed fiscal support loans or structures if and when such become available

Medium term strategies

- **Reposition business model to accommodate new travel environment**
- **Work with government on reopening economy and support for tourism sector**
- **Shareholder loans / equity injection**
- **New capital to lower net debt prior to refinancing**
- **Contingency planning: Relocation / Divestment**

Sunborn Gibraltar 2020B vs. Revised Key Financials after COVID-19



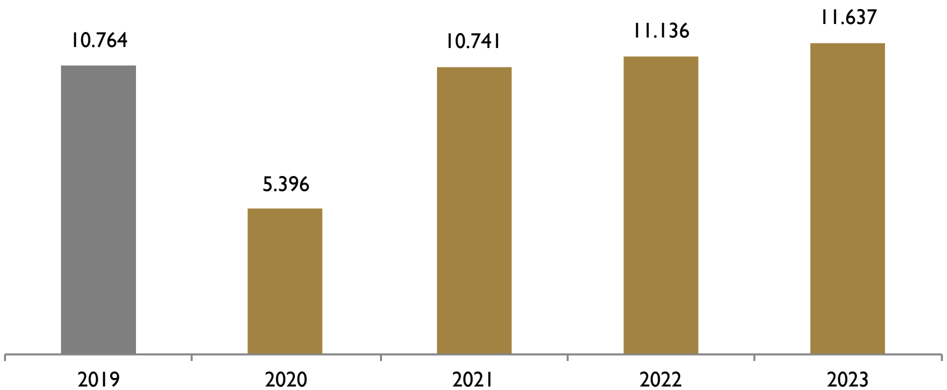
- 2020 Forecast based on scenario with hospitality industry opening within July with recovery towards year end
- Expected UK travel to pick up in August subject to FCO allowance for UK to Gibraltar travel without 14 day quarantine
- Leisure market expected to predominantly drive business corporate travel normalising in FY2021
- Reduced cost lines can translate into higher EBITDAR % at lower revenues with good cost management
- There are known factors and unknown factors going forward. Error margin of forecasting short to medium term is very high

Note: Management forecasts

Forecast on key financials showing effect from COVID-19 situation

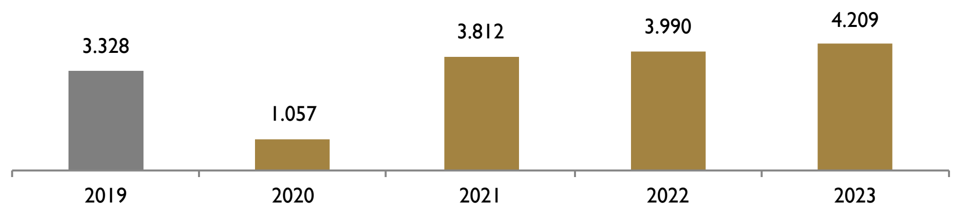
Revenue[1]

GBP '000s



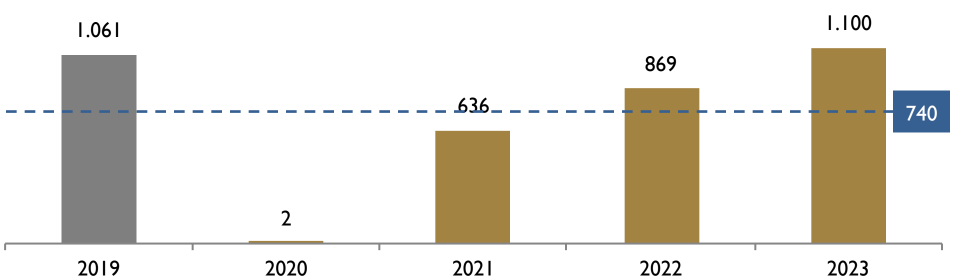
EBITDAR[1]

GBP '000s

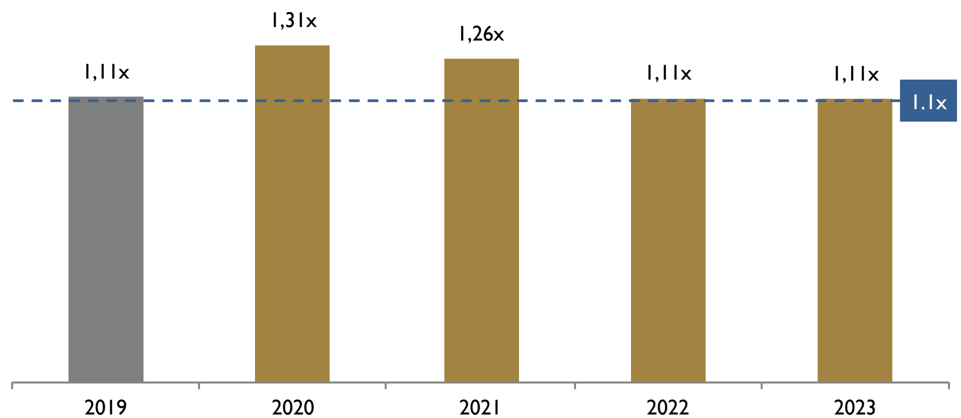


Minimum cash covenants[2]

GBP '000s



Interest coverage ratio[2]

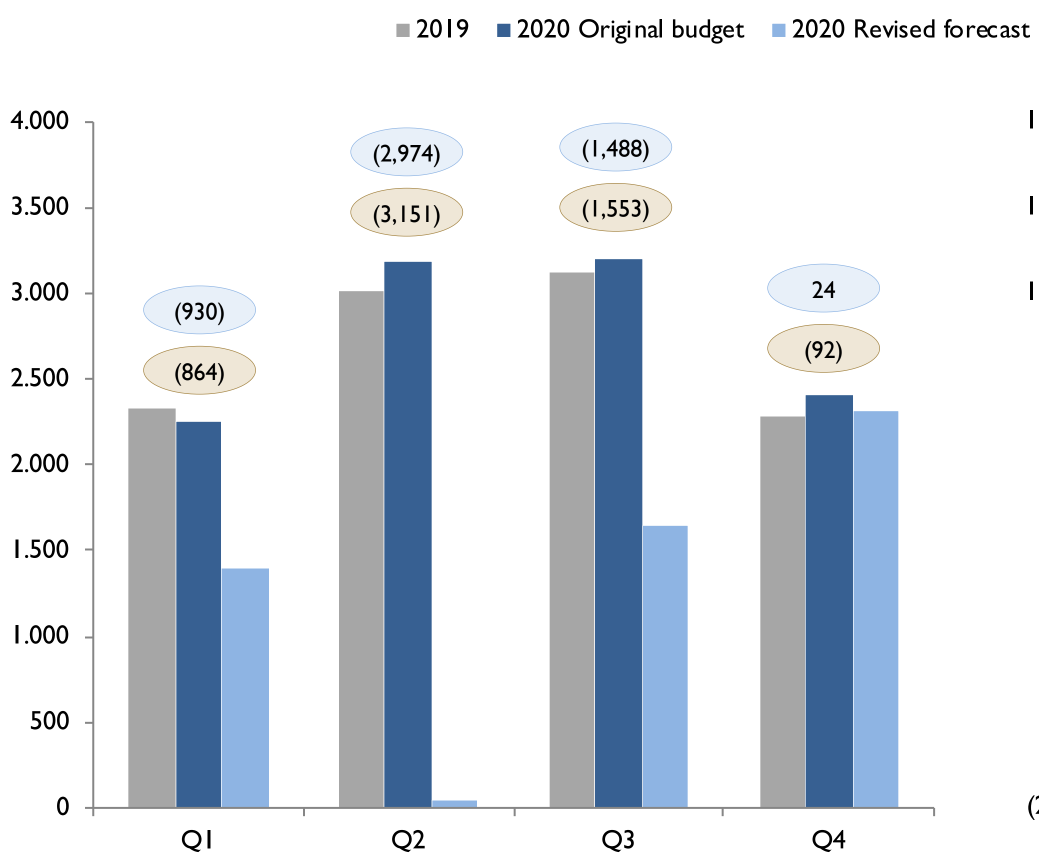


1) Refers to Gibraltar Resort Ltd (Operator), 2) Refers to Sunborn Gibraltar Ltd (Issuer), Note: Management forecasts

Quarterly comparison of revenue and EBITDAR

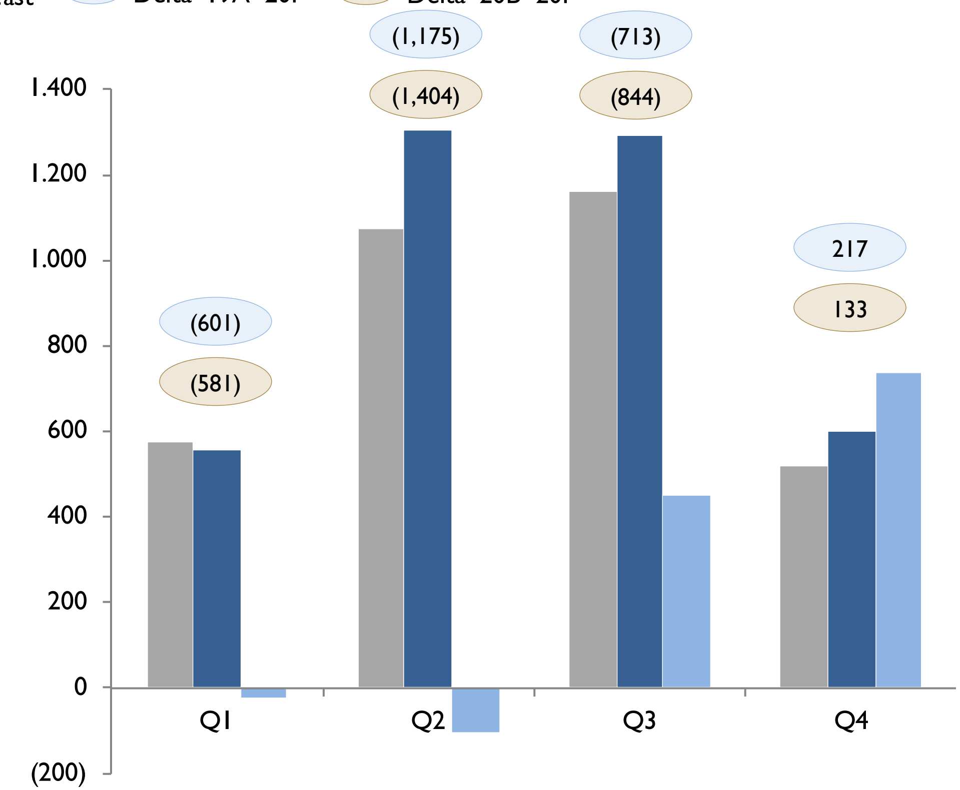
Revenue[1]

GBP ‘000s



EBITDAR[1]

GBP ‘000s



1) Refers to Gibraltar Resort Ltd (Operator), Note: Management forecasts

Consent solicitation process due to COVID-19 (I/II)

Summary of amendment to Terms & Conditions

I. Amendment fee

If the Requests are approved in the Written Procedure, the Issuer will on the Final Maturity Date pay an amendment fee (the "**Amendment Fee**") to all Bondholders. The Amendment Fee, which will be an amount equal to 0.50 per cent. of the Nominal Amount of each Bond, shall be paid to those who are registered as Bondholders on the end of the date falling five (5) Business Day prior to the Final Maturity Date (the "**Amendment Fee Record Date**") calculated based on the aggregate Nominal Amount held by the relevant Bondholder on the Amendment Fee Record Date.

II. Additional Guarantee

a) Sunborn International Holding Oy (company identification number 3108676-7) (the "**Additional Guarantor**") shall, subject to applicable laws, irrevocably and unconditionally, as principal obligor guarantee to the Agent and the Bondholders (represented by the Agent), the punctual performance of the Issuer's obligations under the Finance Documents (the "**Additional Guarantee**").

b) The Additional Guarantee shall be a condition for the amendments and waivers requested in the Written Procedure to become effective.

III. Equity Injection and Voluntary Partial Redemption upon disposal of the Gilleleje assets

a) The Parent shall undertake (the "**Parent Undertaking**") to procure that 50 per cent. of the net proceeds (the "**Disposal Net Proceeds**") from a third-party disposal of its shares in Gilleleje Resort Development A/S (corporate identity number CVR-no. 31 28 13 26) or the Parent's part (being 90 per cent.) of any assets (including properties) directly or indirectly owned by Gilleleje Resort Development A/S to a person which is not Ritva Niemi, Pekka Niemi or any of their heirs (or a person controlled by any of them) shall, no later than [15] Business Days from receipt of the Disposal Net Proceeds, be applied towards an equity injection in cash in the Issuer by way of an unconditional shareholder contribution or a subordinated shareholder loan.

b) The Parent Undertaking shall be a condition for the amendments and waivers requested in the Written Procedure to become effective.

c) The Issuer shall have the right to, following the receipt of the Disposal Net Proceeds, apply the amount of the Disposal Net Proceeds for the purpose of repurchasing Bonds in accordance with the Terms and Conditions.

IV. Financial Covenants Holiday

a) Interest Coverage Ratio to be waived until but excluding 31 December 2021 (i.e. tested on 31 December 2021 and onwards on a quarterly basis).

b) Minimum Cash covenant to be waived until but excluding 30 September 2021 (i.e. tested on 30 September 2021 and onwards on a quarterly basis).

V. New Financial Covenant (Quarterly Operator EBITDA)

A new financial covenant shall be included: <u>Quarterly Operator EBITDA</u> measured at the end of each Quarterly Reference Period (as defined below) as set out below:

a) Operator EBITDA for Q4 2020 to exceed 50 per cent. of Operator EBITDA for Q4 2019;

b) Operator EBITDA for Q1 2021 to exceed 60 per cent. of Operator EBITDA for Q1 2019;

c) Operator EBITDA for Q2 2021 to exceed 70 per cent. of Operator EBITDA for Q2 2019; and

d) Operator EBITDA for Q3 2021 to exceed 80 per cent. of Operator EBITDA for Q3 2019.

Quarterly Operator EBITDA shall be measured on the last date of each quarter for a reference period of three (3) consecutive months prior to such test date (the "**Quarterly Reference Period**"). Compliance with the covenant shall be reported in each Compliance Certificate delivered in connection with each Financial Report.

For the purpose of this paragraph, "**Operator EBITDA**" shall have the meaning ascribed to the term "EBITDA" in the Terms and Conditions provided that (i) the references to the "Issuer Group" in the definition of "EBITDA" shall be deemed to be a reference to the "Operator and its Subsidiaries" and (ii) Operator EBITDA shall be calculated before deducting any lease payments from the Operator under the Bareboat Agreement.

For as long as Quarterly Operator EBITDA is tested, the Issuer shall procure to make the Operator's quarterly interim unaudited consolidated financial statements for such period (including comparable figures for the corresponding period in 2019) available to the Bondholders by way of press release and by publication on the website of the Group, as soon as the same become available, but in any event within two (2) months after the end of each quarter of the Operator's financial year.

Consent solicitation process due to COVID-19 (II/II)

Summary of amendment to Terms & Conditions

VI. New Equity Cure for Quarterly Operator EBITDA

a) If there is a breach of the Quarterly Operator EBITDA, no Event of Default will occur if, within 15 Business Days from the delivery of a Compliance Certificate evidencing a breach of the Quarterly Operator EBITDA, the Operator has received an equity injection in cash in the form of an unconditional shareholder contribution or a subordinated shareholder loan in an amount sufficient to ensure compliance with the test of the Quarterly Operator EBITDA (the "**Operator Cure Amount**").

b) Calculation of Operator EBITDA for the relevant Quarterly Reference Period shall be adjusted so that the Operator EBITDA for the Quarterly Reference Period is increased with an amount equal to the Operator Cure Amount. For the avoidance of doubt, an Operator Cure Amount may only be used towards curing Operator EBITDA for the relevant Quarterly Reference Period and may not be carried forward.

VII. Unsecured Governmental Support to constitute Permitted Debt

a) The Operator shall be permitted to incur Financial Indebtedness for working capital purposes under any governmental program (where financing is provided by or guaranteed by a governmental body or by way of deferred tax liabilities) under which it is eligible to receive financial support in a maximum amount of EUR 2,000,000 ("**Governmental Support**") and such Governmental Support shall constitute Permitted Debt.

b) No Restricted Obligor shall, and shall procure that no other Group Company will, provide, prolong or renew any security over any of its/their assets (present or future) to secure Governmental Support.

VIII. Mandatory Prepayment Events

Waiver of obligation to mandatory prepay the bonds due to interrupted payments under the Bareboat Agreement until and including 31 December 2020.

IX. Lease Payments

a) General undertaking to procure due performance of the Bareboat Agreement and the Mooring Licence Agreement to be waived until and including 31 December 2020.

b) Temporary amendments and waivers under the Bareboat Agreement and the Mooring Licence Agreement to be permitted to allow the suspension of performance under such agreements until and including 31 December 2020.

X. Waivers of other Events of Default

Event of Default relating to Continuation of the Business to be waived until and including 31 December 2020.

Liquidity analysis – Sunborn Gibraltar Resort Ltd (Operator)

	Historical		Forecasted						Delta
			2020						
GBP '000s	**2018**	**2019**	*Q1*	*Q2*	*Q3*	*Q4*	**FY**	**2021**	**19A-20F**
Sales	**10,693**	**10,764**	*1,395*	*43*	*1,643*	*2,315*	**5,396**	**10,741**	**(5,368)**
									-
Cost of sales	(1,240)	(1,258)	*(166)*	-	*(166)*	*(271)*	(603)	(1,168)	**+654**
Personnel and external services	(3,629)	(3,530)	*(782)*	*(58)*	*(535)*	*(682)*	(2,057)	(3,381)	**+1,474**
Fixed costs rooms	(490)	(502)	*(87)*	*(3)*	*(94)*	*(110)*	(294)	(419)	**+208**
Fixed costs F&B	(623)	(228)	*(49)*	-	*(39)*	*(84)*	(172)	(258)	**+57**
Fixed costs general	(534)	(954)	*(109)*	*(35)*	*(121)*	*(154)*	(419)	(479)	**+534**
Overheads	(1,071)	(965)	*(225)*	*(49)*	*(239)*	*(281)*	(794)	(1,224)	**+170**
EBITDA before costs to Sunborn Gibraltar	**3,106**	**3,328**	*(24)*	*(102)*	*448*	*734*	**1,057**	**3,812**	**(2,271)**
									-
Rents to Sunborn Gibraltar	(3,180)	(3,180)	*(795)*	-	*(530)*	*(795)*	(2,120)	(3,580)	**+1,060**
EBITDA	**(74)**	**148**	*(819)*	*(102)*	*(82)*	*(61)*	**(1,063)**	**232**	**(1,211)**
Interest	(3)	(3)	*(1)*	*(1)*	*(9)*	*(9)*	(20)	(36)	**(17)**
Profit	**(77)**	**145**	*(819)*	*(103)*	*(91)*	*(70)*	**(1,083)**	**196**	**(1,228)**
									-
Capital expenditures	(283)	(58)	*(13)*	-	-	*(37)*	(50)	(200)	**+8**
Change in working capital	241	(35)	*777*	-	*(368)*	*(410)*	-	-	**+35**
Working capital facility	-	-	-	-	*550*	*550*	1,100	-	**+1,100**
Cash flow	**(119)**	**52**	*(55)*	*(103)*	*91*	*34*	**(33)**	**(4)**	**(84)**
Cumulative cash flow	**29**	**81**	*25*	*(77)*	*14*	*48*	**48**	**44**	**(33)**

Assumptions and comments

- Management accounts up until February, thereafter management forecasts
- Lease payment to Issuer is reduced to GBP 0 and GBP 530,000 from GBP 795,000 per quarter in Q2 and Q3 for 2020 respectively
- Expected short fall in Operator during Q2 and Q3 will be covered by tapping the working capital facility by GBP 1,100,000, and is estimated to be repaid in 2022 and 2023
    - Working capital facility to be provided as a loan from government and/or parent contribution
- Revenue forecast for 2020 assumes no operations during April-June, a slow opening up in July/August and recovery up until year-end
- Cost reductions in 2020 include reducing payroll, lower utility costs and reducing maintenance of facilities
- Changes in working capital supports cash flow in 2020 quarters due to decrease of inventory, unpaid rent to Sunborn Gibraltar, and unpaid running costs
- Capex is reduced to a minimum, i.e. only to upkeep the vessel

Note: Management accounts for the period January 2020 – February 2020, thereafter management forecasts

Liquidity analysis – Sunborn Gibraltar Ltd (Owner and Issuer)

	Historical		Forecasted						Delta	
			2020							
GBP '000s	2018	2019	Q1	Q2	Q3	Q4	FY	2021	19A-20F	20B-20F
Rental income	**-**	**3,180**	*795*	*-*	*530*	*795*	**2,120**	**3,580**	**(1,060)**	**(1,060)**
Maintenance	-	(17)	*(8)*	*(2)*	*(5)*	*(5)*	(20)	(30)	(3)	+10
Insurance	-	(119)	*(35)*	*(35)*	*(35)*	*(35)*	(140)	(141)	(21)	-
External services	-	(27)	*(7)*	*(7)*	*(7)*	*(7)*	(28)	(28)	(0)	-
Other administration	-	(43)	*(11)*	*(11)*	*(11)*	*(12)*	(45)	(50)	(2)	+5
One-off transaction and legal costs	-	-	*-*	*-*	*(150)*	*-*	(150)	-	(150)	(150)
EBITDA	**-**	**2,974**	*734*	*(55)*	*322*	*736*	**1,737**	**3,331**	**(1,237)**	**(1,195)**
Bond interest 5,00 %	-	(2,675)	*(662)*	*(662)*	*(662)*	*(662)*	(2,646)	(2,646)	+29	-
Earnings before taxes	**-**	**299**	*72*	*(716)*	*(339)*	*75*	**(909)**	**684**	**(1,208)**	**(1,195)**
Capital Expenditure	-	-	*(56)*	*-*	*-*	*(94)*	(150)	(50)	(150)	-
Change in Working Capital	-	(604)	*(370)*	*-*	*-*	*370*	-	-	+604	-
Cash Flow	**-**	**(305)**	*(354)*	*(716)*	*(339)*	*351*	**(1,059)**	**634**	**(754)**	**(1,195)**
Cumulative Cash Flow	**1,336**	**1,061**	*707*	*(9)*	*(349)*	*2*	**2**	**636**	**(1,059)**	**(1,195)**

Assumptions and comments

- The rental income for Q2 has been deducted and Q3 has been decreased from original GBP 795,000
- One-off transaction and legal costs attributable to amendment process included in FY2021
- Forecast for 2021 assumes normal rental income

Note: Management accounts for the period January 2020 – February 2020, thereafter management forecasts

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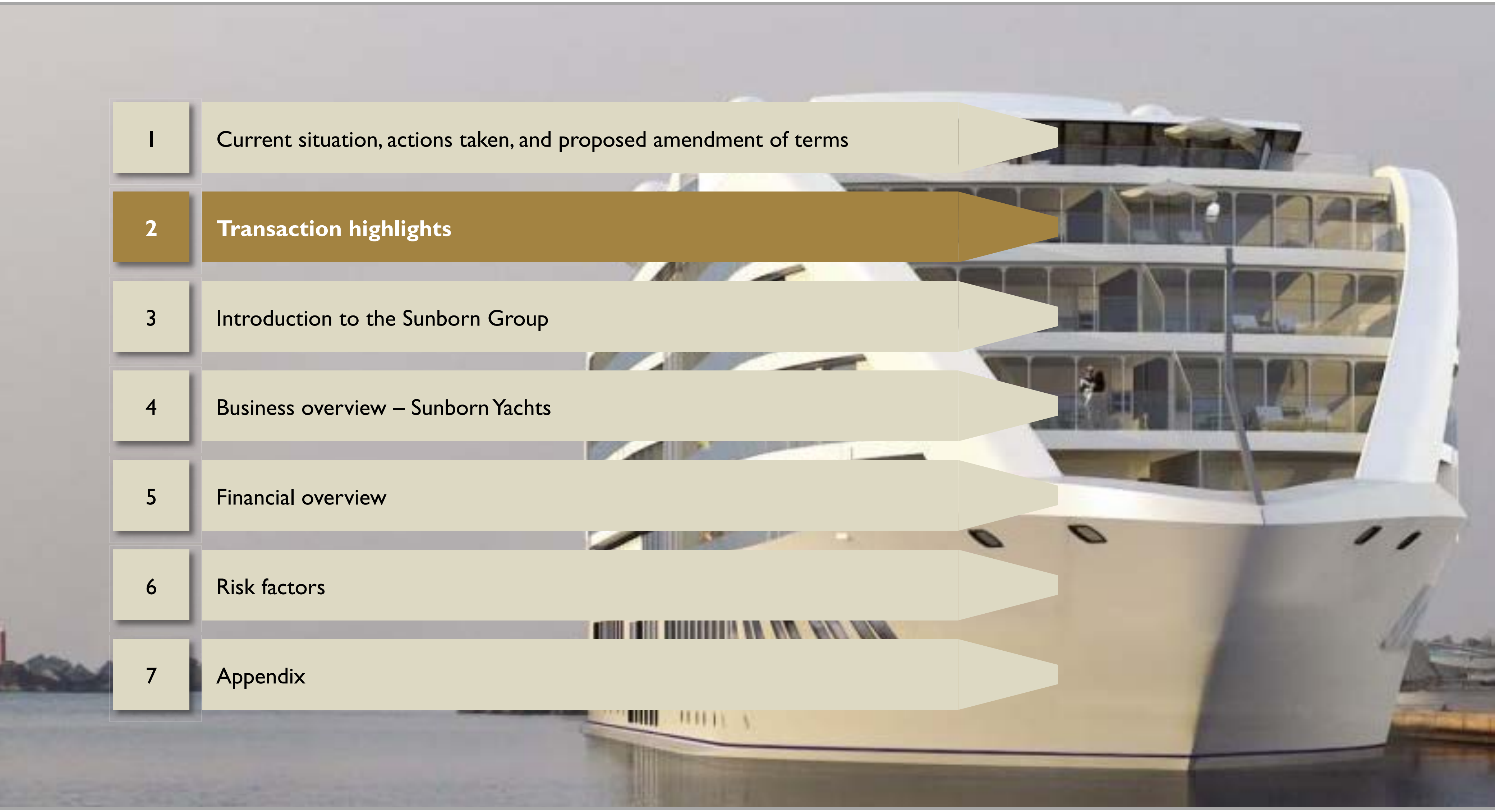


Investment highlights

Well established 5 star hotel in an attractive niche market	▪ The Sunborn Yacht hotel is the only 5 star Grand Luxe classification hotel in Gibraltar, and the only major conference venue in Gibraltar ▪ Market leading position in the Gibraltar hotel market with excellent customer ratings from Hotels.com, TripAdvisor, Expedia and Booking.com ▪ Attractive location in Gibraltar with a 15 years Mooring Agreement (currently ~8 years remaining) with extension option ▪ Gibraltar is an attractive destination for tourists and corporate travellers alike, having seen an upswing in the number of companies with HQ in Gibraltar in recent years, alongside a new terminal and airport area opening in Spring 2013. The vast majority of visitors are UK based
Security over a unique movable 5 star asset	▪ 1st lien security over the vessel and share pledges, a ring fenced structure and parent company guarantees ▪ The vessel offers 189 rooms, including 22 suites. Additionally, there is a ballroom and conference facilities, numerous restaurants and bars, a fitness centre and spa as well as a casino (managed by an external partner) ▪ The Vessel can be moved globally without any major modification necessary (such as local HSE requirements), which protects the asset against local market downturns and offers an attractive value proposition in coastal city locations with high cost of land and/or high construction cost
High barriers to entry / competitive advantage	▪ The yacht hotel was built in 2013 and is fitted to the highest international hotel standard. The vessel is highly energy efficient, well insulated and requires low maintenance ▪ Sunborn vessels are purpose built and have significantly lower construction costs in comparison to converted passenger vessels, with hotel space maximized due to less need for technical space, command bridge, staff accommodation, and engines ▪ Sunborn's extensive experience in hospitality, ship building and design results in limited subcontracting and an efficient construction process, which in turn ensures a competitive advantage compared to potential new market entrants
Strong sponsor, financial profile, and low LTV	▪ The Sunborn Group is owned by the Niemi family and is part of an overall portfolio of real estate and other assets, which is valued at EUR ~500m with a proven track record of owning and operating a wide range of hospitality businesses ▪ The hotel has had steady performance since the bond issue. Management have managed well to maintain revenue and profitability despite a challenging environment with declining air travel to Gibraltar due to Monarch airline's bankruptcy and overall issues caused by Brexit which have reduced demand ▪ Low LTV of ~51% based on 3rd party valuation and senior secured financing of EUR 58m
Resilient business despite headwinds and temporary setbacks	▪ Despite several macroeconomic setbacks in recent years with the Monarch Airlines bankrupty, and uncertainties in Brexit leading to reduced travels from the UK, Sunborn Gibraltar, led by an experienced, and competent team has thrived and repeatedly come out on the other side of crises stronger ▪ With high levels of bookings before the virus outbreak, upwards momentum in arrivals, and postponed bookings in upcoming quarters, Sunborn sees a catch-up effect to create a significant uplift once the situation improves

Original Key Terms and Conditions

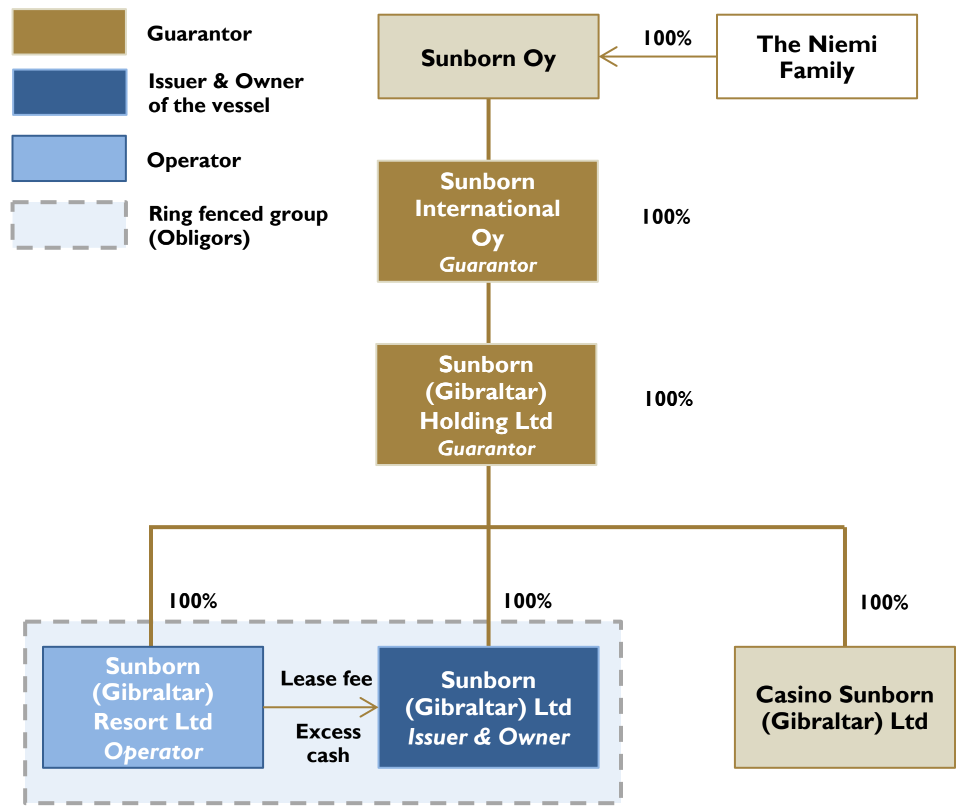
Issuer	Sunborn (Gibraltar) Ltd
Guarantors	Sunborn International Oy (Unrestricted), Sunborn (Gibraltar) Holdings Ltd, Sunborn (Gibraltar) Resort Ltd
Ranking	Senior Secured
Amount and framework	EUR 58m, under a framework of up to EUR 60m
Maturity	5 years
Issue price	99.00
Coupon	Euribor + 500 bps (0.0% Euribor-floor) p.a., payable quarterly in arrears
Purpose	Repay existing loans, pay transaction costs and general corporate purposes (including distributions up to EUR 1.25m)
Security	Standard incl. mortgage over vessel, share pledge, insurances, account pledges, etc.
Financial covenants	Maintenance covenants: ▪ Interest Coverage Ratio: > 1.10x ▪ Asset Coverage Ratio: Market Value of the vessel to Adjusted Financial Indebtedness > 140% ▪ Minimum Cash: Cash and cash equivalents > 3 months interest payable under the Bonds. Excess cash flow to be put into a pledged Bonds Buy Back Account Incurrence based covenants for new Financial Indebtedness or the distribution of the Restricted Payment: ▪ Interest Coverage Ratio: > 1.25x ▪ Asset Cover Ratio: > 150%
Other undertakings	*Inter alia:* Negative pledge, restrictions on financial indebtedness, mergers and demergers, dealings with related parties, investments
Change of control	Put at 101.0%
Call option	First call 5 September 2021 @ Make Whole Amount
Nominal value	Nominal value of EUR 100,000 each, with minimum subscription and allotment of EUR 100,000
Trustee & security agent	Nordic Trustee
Listing / Documentation / Law	Nasdaq Stockholm / Stand alone / Swedish Law for Financing, Swedish, Gibraltar and Finnish law for various other documents
Sole manager	DNB Markets

Original transaction structure overview

Comments on the transaction structure

- Sunborn (Gibraltar) Limited, (the "Issuer") is a wholly owned subsidiary of Sunborn Oy, a Niemi family privately owned group of companies
  - The Issuer is an SPV with no other purpose than owning the Sunborn Gibraltar yacht hotel
- Sunborn (Gibraltar) Resort Ltd manages the hotel operations (the "Operator") and is a sister company to the Issuer. The Operator pays a monthly fixed lease fee to the Issuer. The monthly fixed lease fee is GBP 250k per month (i.e. GBP 3.0m p.a.)
  - The lease fee is regulated through an Internal Bareboat agreement between the Issuer and the Operator which runs for a period of 10 years[1]
  - Any excess cash in the operating company is paid as an additional lease fee to the Issuer
- There is a strictly ring-fenced and regulated structure for the Issuer and the Operator (together the "Obligors"). The bond has security over all material assets of the Obligors
  - Guarantees from Sunborn International Oy (the yacht hotel Group parent company) and Sunborn (Gibraltar) Holding Ltd
- The Issuer also receives rental income from the external partner with Casino Sunborn (Gibraltar) Ltd. The partner is a subsidiary of Novomatic Group, a global full-service provider in the gaming industry
  - Casino Sunborn is not part of the transaction structure

Transaction structure



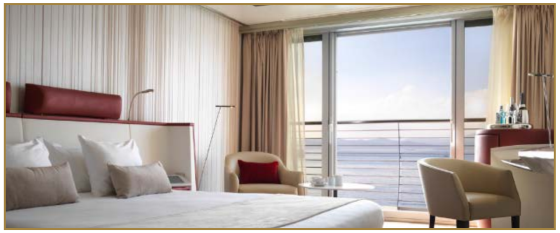
1) *See summary of the internal bareboat agreement in appendix*

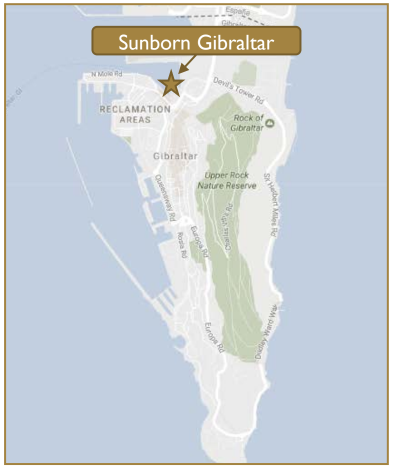
Sunborn Gibraltar yacht hotel - the operation and asset at a glance

Description

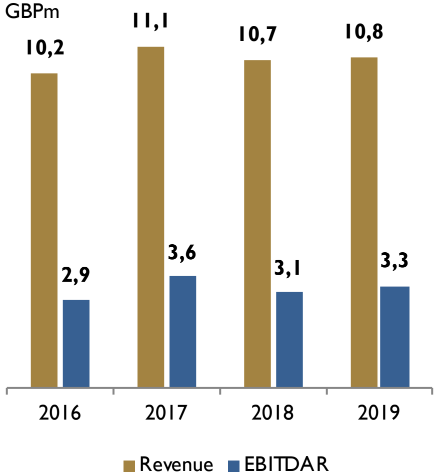
- Launched in 2014, the Sunborn Gibraltar is a 5 star Grand Luxe yacht hotel. Sunborn Gibraltar is the Group's most sophisticated vessel, with state-of-the-art facilities and has been finished to a high specification. The vessel is a purpose-built, self-propelled yacht designed to enable short voyages and for manoeuvring in ports
- The Sunborn Gibraltar has 189 rooms, including 22 suites. Additionally, there is ballroom and conference facilities for up to 700 delegates, numerous restaurants including a 7th deck Sky Restaurant with panoramic views, 3 bars, a fitness centre and spa as well as a casino (managed by an external partner)
- The vessel is superbly located in Gibraltar's Ocean Village Marina and has ~8 years left of a 15 year Mooring Agreement
- The vessel is operated by Sunborn (Gibraltar) Resort Ltd, with an Internal Bareboat Agreement regulating the lease from the vessel owner, Sunborn (Gibraltar) Ltd, together the ring-fenced group
- The unique hotel offering of the Sunborn Gibraltar is evidenced by excellent customer satisfaction, being rated as the #1 hotel in Gibraltar by Trip Advisor and scoring 9.0/10 on Booking.com
- Since the inception in 2014 the operations have performed steadily. Despite a challenging environment due to Monarch Airline's bankruptcy in 2017 and general issues caused by Brexit affecting travels from the UK, management have successfully maintained steady performance and profitability
- Sunborn Gibraltar had a strong 2019 with occupancy rates being ~7 percentage points higher than the corresponding period in 2018. 2019 figures shows an EBITDAR margin increase to 31% compared to 29% 2018

Overview of the Sunborn Gibraltar yacht hotel

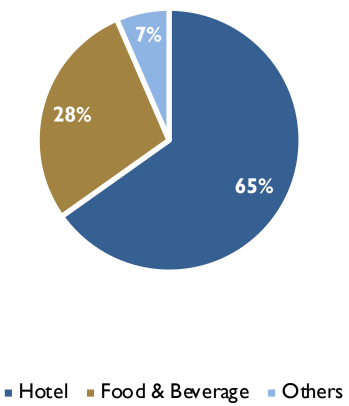




Key financials[1]



Revenue split 2019



1) For the Operator / Sunborn (Gibraltar) Resort Ltd

Key financials for the ring fenced group

Operator - Sunborn (Gibraltar) Resort Ltd

GBP ('000s)	Note	FY16	FY17	FY18	FY19
Income Statement					
Revenue	1	10,243	11,122	10,693	10,764
Cost of sales		(1,149)	(1,091)	(1,240)	(1,258)
Gross profit		**9,094**	**10,030**	**9,454**	**9,506**
Admin. and other expenses		(6,225)	(6,430)	(6,347)	(6,178)
EBITDAR	2	**2,869**	**3,601**	**3,106**	**3,328**
Rent costs	3	(2,700)	(3,500)	(3,180)	(3,180)
EBITDA		**169**	**101**	**(74)**	**148**
Profit / (loss) before taxes		**82**	**21**	**(178)**	**0**
Balance Sheet	4				
Cash		127	149	29	81
Total assets		**1,061**	**1,083**	**1,641**	**1,829**
Equity		(1,084)	(1,063)	(1,241)	(1,241)

1. Revenue in the ring-fenced group is generated by the Operator through the three business segments; Rooms (65%) Food and Beverage (28%) and Other (7%) based on 2019 financials
2. EBITDAR in the Operator is stated before the rent paid to the Owner and Issuer
3. The rental expense is regulated by the internal bareboat agreement between the Operator and the Owner & Issuer and is from 2017 GBP 3.0m per year (GBP 250k per month) + quarterly cash sweep of excess cash
4. The Balance Sheet of the Operator is very asset light as the vessel and other fixed assets are owned by the Owner & Issuer. However, the Operator carries day-to-day inventories

Owner and Issuer - Sunborn (Gibraltar) Ltd

GBP ('000s)	Note	FY16	FY17	FY18	FY19
Income Statement					
Revenue (rental income)	1	2,700	3,500	3,180	3,180
Other operating expenses		(435)	(217)	(196)	(206)
EBITDA		**2,265**	**3,283**	**2,984**	**2,974**
Depreciation	2	(3,482)	(3,482)	(2,522)	(2,522)
Operating profit / (loss)		**(1,217)**	**(199)**	**462**	**452**
FX & interest income / (expense)	3	(3,783)	(40)	(423)	2,540
Net financial expenses		(3,473)	(3,702)	6,327	(3,519)
Profit / (loss) before tax		**(8,473)**	**(3,941)**	**6,365**	**(527)**
Balance Sheet	4				
Cash		12	1,677	1,366	1,061
Vessel book value	5	93,372	89,999	87,552	85,045
Total assets		**93,864**	**93,195**	**90,783**	**88,483**
Equity & Shareholder loan (SHL)	6	47,233	42,882	39,248	38,721
Long term borrowings		45,988	49,677	50,462	48,300
Equity (incl. SHL) / Total assets		50.3%	46.0%	43.2%	43.8%

1. The revenue is regulated by the internal bareboat agreement with the Operator. Set to GBP 3.0m from 2017
2. Upon transition from GAAP to IFRS, management reassessed lifetime estimate of vessel to 40 years from 30 years between FY 2017 and FY 2018
3. 2016 losses are mainly due to the SHL being denominated in EUR, i.e. no cash effect. Company generally hedges currency fluctuations and interest costs
4. Essentially the only asset of the Owner & Issuer is the vessel. Long term borrowings is the secured loan which was refinanced by the bond proceeds
5. Vessel book value and market value differ from year to year depending on FX fluctuations as market value is reported in EUR and not GBP
6. The shareholder loans have a 2nd lien Mortgage on the vessel, but are fully subordinated by an ICA

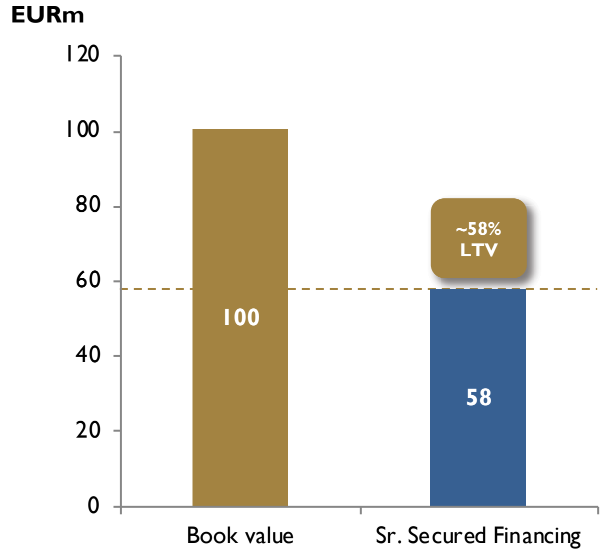
Note: All figures except those reported for FY 2019 are audited

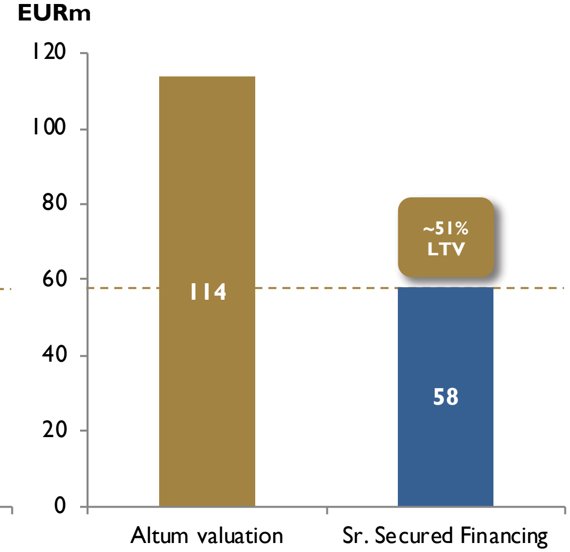
Sunborn Gibraltar valuation

Description

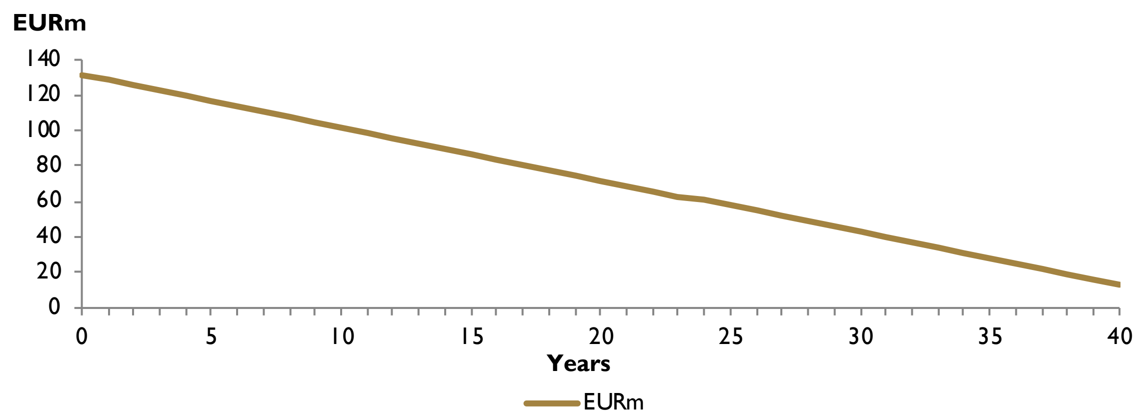
- As at 31/12/2019, the book value of the Sunborn Gibraltar was GBP 85m (EUR 100m[1]), implying an LTV of 58% based on the Sr. Secured financing of EUR 58m
- Sunborn Gibraltar was valued at EUR 114m in May 2019 by a third party valuation firm (Altum), implying an LTV of 51%
- Valuation methods used are normally based on either the cost of the construction or by analysing the market price of a vessel of such characteristics
- Sunborn Gibraltar's uniqueness resulted in Altum basing its valuation on construction costs and investments in 2015 resulting in an initial value EUR ~132m in 2013 and a value of EUR 129m according to the latest valuation prior to the bond issue
- For financial calculation purposes, the life of the asset is estimated to be 40 years, with a residual value of 10% of the initial investment considering current money value
- Altum presented both an accelerated and a constant depreciation schedule, but concluded that the latter was more realistic due to the quality of maintenance and the fact that the ship will always be moored in a sheltered area
    - The depreciation schedule has changed since the bond issue as useful life of the vessel was reassessed to be 40 instead of 30 years in 2018 upon the transition to IFRS

Yacht valuation & LTV





Depreciation schedule presented by Altum



1) The vessel book value of GBP 85m has been converted into EUR at the closing exchange rate of EUR 1: GBP 0.846 on 31/12/2019
Note: The vessel book value at issue of GBP 93.4m was converted into EUR with a closing exchange rate of EUR 1: 0.852 on 31/12/2016

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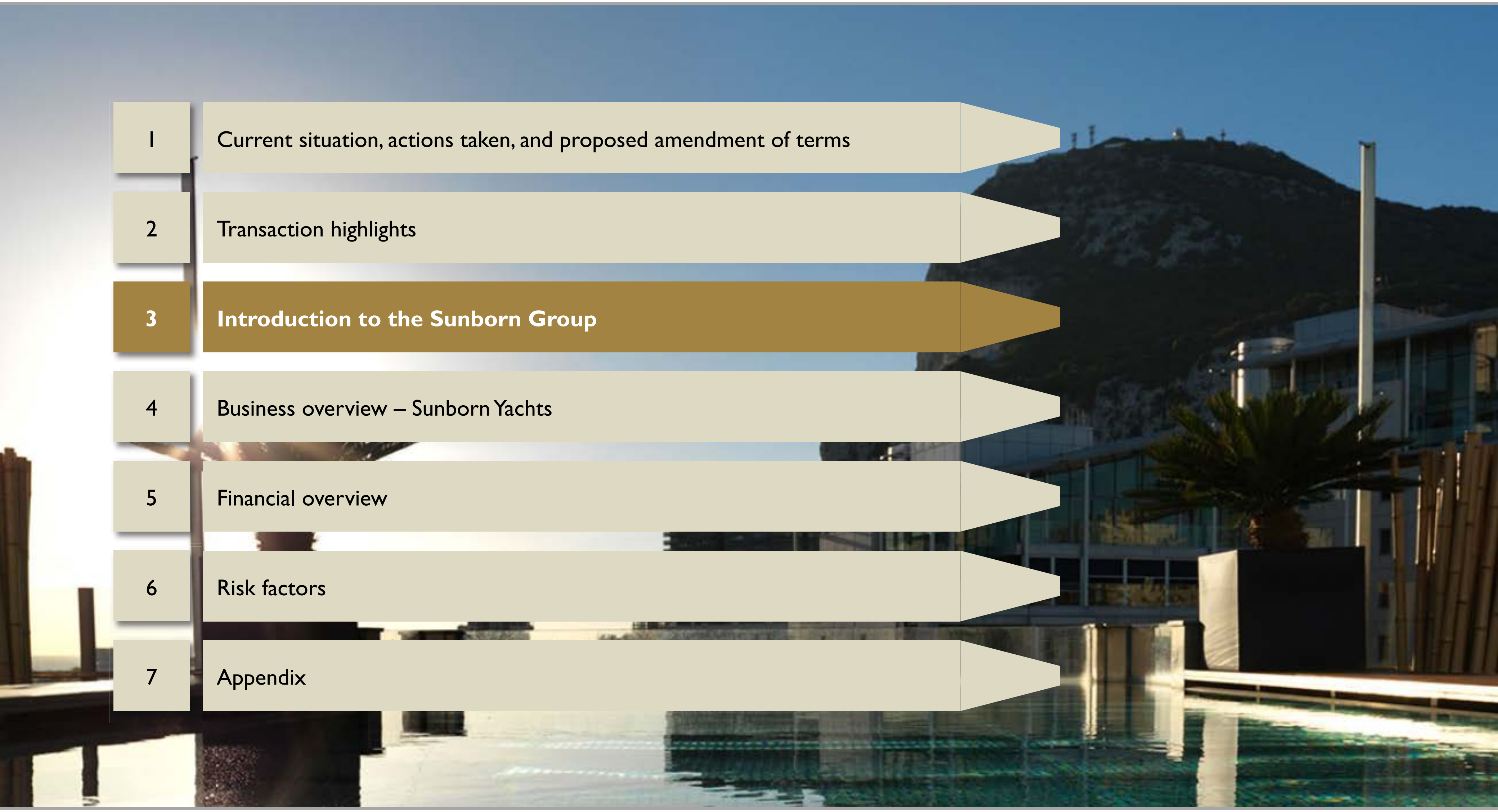

Family owned, highly experienced sponsor

The Niemi family

- The Sunborn Group was founded in 1973 by Ritva and Pekka Niemi and is fully owned by the Niemi family
- The Niemi family has business operations in a wide variety of industries including hospitality, leisure, healthcare, real estate and media
- In addition to the Sunborn Group, the Niemi family also owns the Saga Palvelut Group and are the founders of the Ruissalo Foundation
- The Saga Palvelut Group is a real estate development company which owns hospitality and healthcare related properties, in addition to providing facility services
- The Ruissalo Foundation is a non-profit organisation, which was established by the family for the wellbeing of senior citizens and the development of hospitals and senior real estate
- The family's overall portfolio of real estate and other assets under governance was valued at ~EUR 500m in 2016. Group subsidiaries employ over 1,000 people and have operations in Finland, Denmark, UK, Malaysia, Germany and Gibraltar

Business segments

Yacht hotels	▪ Sunborn Gibraltar ▪ Sunborn London
Hotels	▪ Naantali Spa, Finland ▪ Ruissalo Spa, Finland
Restaurants	▪ The Group owns and operates 8 restaurants, each of which have individual concepts with a focus on quality
Other	▪ Property development ▪ Catering – largest catering company in Finland ▪ Event production

Select assets and developments

Naantali Spa Hotel, Finland

Restaurant Pinella, Finland

Sunborn London Hotel, UK

Naantalin Kaivohuone, Finland

Select brands

sunborn GIBRALTAR 5-STAR YACHT HOTEL

RUISSALO SPA & HOTEL

NAANTALI SPA & HOTEL

sunborn LONDON

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Sunborn yacht hotels are unique, purpose-built vessels

Overview

- Sunborn is the pioneer of this unique approach to exclusive hotel accommodation - the super yacht hotel - and is the only company in the world operating in this segment
- Sunborn yacht hotels are luxury, purpose-built vessels, which are moored in top marinas and metropolitian cities with otherwise unutilised waterfront space
- The concept combines the essence of a superyacht and a luxury hotel, offering consumers a unique experience and is evidenced by high occupancy rates and customer ratings
- Sunborn has successfully turned the concept into a profitable reality, having built three and currently owning two yacht hotels
- In 1998, Sunborn built the world's first yacht hotel, followed in 2003 by their first international yacht hotel in London. In the spring of 2014, two new offerings (Sunborn Gibraltar and Sunborn London) were launched
- Sunborn has three existing prototype vessels ranging from small to large size yachts for the medium to upper luxury market

Purpose-built vessels create unique selling points and drive lasting value-creation

1 State-of-the-art facilities providing a cost effective solution	▪ Sunborn yacht hotels have state-of-the-art facilities and are elegantly designed and furnished ▪ Cost effective solution for cities with high real estate prices, by utilising unused water space of metropolis waterfronts
2 Durability with high residual values	▪ Minimal wear-and-tear increases life expectancy ▪ Limited future renovations due to initial hotel focus during construction ▪ Functioning secondary market and externally substantiated high residual values
3 Modular blueprints are highly scalable and maximize space	▪ Sunborn's existing vessels and new development yacht prototypes are highly scalable, providing significant cost efficiencies ▪ Limited technical equipment and engine room compartments maximise hotel space
4 Safety and regulations	▪ Simplified exit routes due to stationary docking ▪ Vessels are custom made and designed to universally meet local requirements and regulations of different locations
5 Convenient mobility and mooring	▪ Vessel movability limits any potential exposure to local hotel market downturns ▪ Fleet wide propulsion system allows for simultaneous movement ▪ Self-designed mooring system suits semi open water conditions

… high customer satisfaction, and occupancy rates

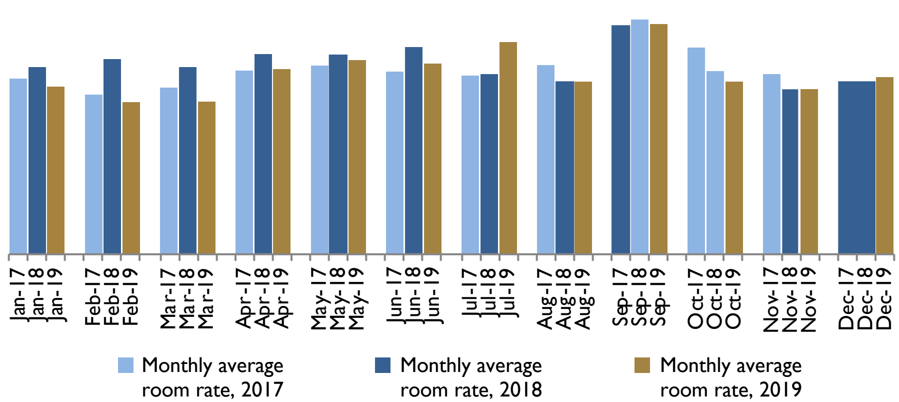
Customer satisfaction and occupancy rates

- The Sunborn Gibraltar yacht hotel has high customer satisfaction and strong occupancy rates
- Customer satisfaction is imperative to Sunborn and this is evidenced by an average rating of 9.0/10 on Booking.com, as well as very strong ratings by each of TripAdvisor (#1 hotel in Gibraltar), Expedia (4.6/5) and Hotels.com (9.2/10)
- The average room rate charged to customers has increased steadily since the start of operations in 2014 with a slight decrease in 2019
- The slight decrease in average room rate was offset by a steady increase in occupancy rate with a 2019 occupancy rate growing 5% from 2018. Despite significant macroeconomic setbacks, operational and financial performance has been upheld

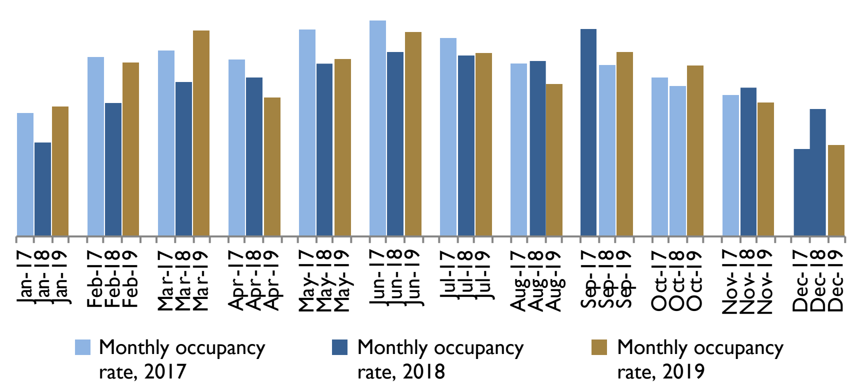
Customer satisfaction

Booking.com 9.0 / 10 "Amazing views, wonderful staff and location was great"	tripadvisor #1 out of 7 hotels rated in Gibraltar "Certificate of excellence"
Expedia 4.6 / 5 "95% of guests recommend"	Hotels.com 9.2 / 10 "Superb"

Average room rate (GBP)



Average occupancy rate (%)



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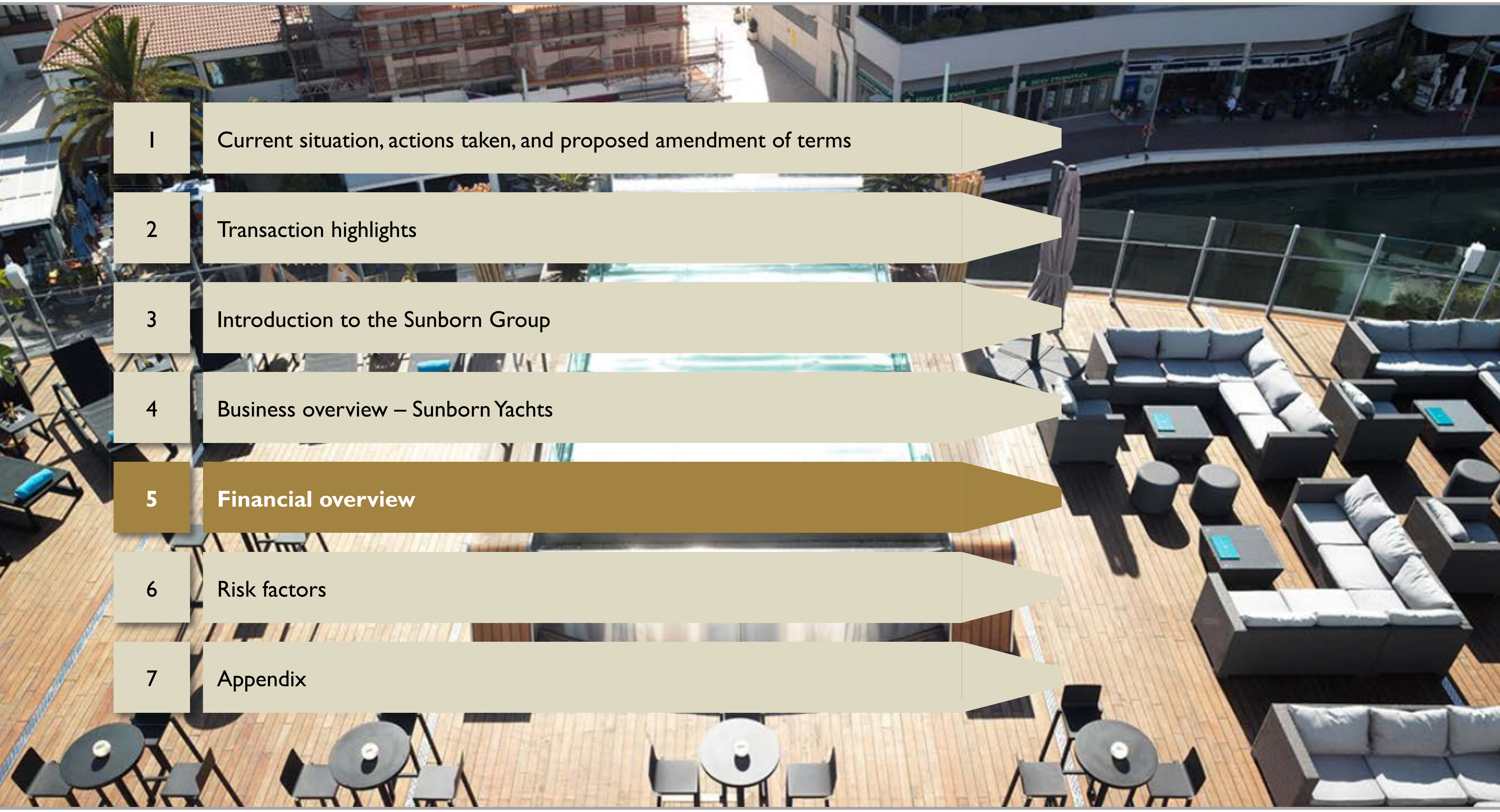

Sunborn (Gibraltar) Resort Ltd – Operator (I/II)

Income statement

GBP ('000s)	FY16	FY17	FY18	FY19
Total revenue	**10,243**	**11,122**	**10,693**	**10,764**
Cost of sales				
Food	(635)	(603)	(669)	(617)
Beverage	(211)	(151)	(231)	(232)
Agent commission	(303)	(277)	(301)	(328)
Other	-	(60)	(38)	(81)
Gross profit / (loss)	**9,094**	**10,030**	**9,454**	**9,506**
Administrative and other expenses	(9,012)	(10,009)	(9,632)	(9,506)
Profit / (loss) before taxation	**82**	**21**	**(178)**	**0**
Tax on profit on ordinary activities	14	-	-	-
Profit / (loss) for the financial year	**96**	**21**	**(178)**	**0**
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	**96**	**21**	**(178)**	**0**

Balance sheet

GBP ('000s)	FY16	FY17	FY18	FY19
Fixed assets				
Equipment	94	110	292	204
Inventories	54	124	131	133
Trade and other receivables	808	1,259	1,378	1,559
Cash	127	149	29	81
Total assets	**1,083**	**1,641**	**1,829**	**1,978**
Shareholders' equity				
Share capital	2	2	2	2
Retained earnings	(1,086)	(1,065)	(1,243)	(1,243)
Total shareholders' equity	**(1,084)**	**(1,063)**	**(1,241)**	**(1,241)**
Liabilities				
Trade and other payables	2,167	2,704	3,070	3,218
Total liabilities	**2,167**	**2,704**	**3,070**	**3,218**
Total liabilities and shareholders' equity	**1,083**	**1,641**	**1,829**	**1,978**

Note: All figures except those reported for FY 2019 are audited

Sunborn (Gibraltar) Resort Ltd – Operator (II/II)

Cash flow statement

GBP ('000s)	FY16	FY17	FY18	FY19
Operating activities	**10,243**	**11,122**	**10,693**	**10,764**
Operating profit	82	21	(178)	0
Finance lease interest	-	-	3	3
Operating profit / (loss)	**82**	**21**	**(175)**	**3**
Depreciation	87	80	101	145
Change in inventories	7	(70)	(7)	(3)
Increase in debtors	(98)	(451)	(119)	(181)
Increase in creditors	(74)	537	370	158
Net cash flow from operating activities	**4**	**117**	**170**	**123**
Investing activities				
Purchase of tangible fixed assets	(31)	(95)	(283)	(58)
Net cash flow from investing activities	**(31)**	**(95)**	**(283)**	**(58)**
Investing activities				
Repayment of obligations under finance lease	-	-	(8)	13
Net cash flow from investing activities	**-**	**-**	**(8)**	**13**
Cash and cash equivalents at beginning of period	154	127	149	29
Change in cash and cash equivalents	(26)	22	(120)	78
Cash and cash equivalents at end of period	**127**	**149**	**29**	**107**

Note: All figures except those reported for FY 2019 are audited

Sunborn (Gibraltar) Ltd - Owner and Issuer (I/II)

Income statement

GBP ('000s)	FY16	FY17	FY18	FY19
Total revenue	**2,700**	**3,500**	**3,180**	**3,180**
Depreciation	(3,482)	(3,482)	(2,522)	(2,522)
Other operating expenses	(435)	(217)	(196)	(206)
Operating profit / (loss)	**(1,217)**	**(199)**	**462**	**452**
Waiver of loan from holding company	-	-	10,000	-
Foreign exchange (loss)/gain	(3,783)	(40)	(423)	2,540
Finance cost				
Amortisation of borrowing cost	-	(125)	(386)	(386)
Interest paid to Group	(410)	(615)	(615)	(465)
Loan interest to others	(3,063)	(2,962)	(2,672)	(2,668)
Profit / (loss) before taxation	**(8,473)**	**(3,941)**	**6,366**	**(527)**
Tax on profit on ordinary activities	-	-	-	-
Net income for the year	**(8,473)**	**(3,941)**	**6,366**	**(527)**
Total comprehensive income for the year	**(8,473)**	**(3,941)**	**6,366**	**(527)**

Balance sheet

GBP ('000s)	FY16	FY17	FY18	FY19
Assets				
Investment property	93,582	90,104	87,633	85,128
Equipment	-	50	33	17
Trade receivables from Group companies	232	1,237	1,682	1,943
Trade and other receivables	38	127	69	334
Cash and cash equivalents	12	1,677	1,366	1,061
Total assets	**93,864**	**93,195**	**90,783**	**88,483**
Shareholders' equity				
Share capital	3	3	3	3
Share premium	15,604	15,604	15,604	15,604
Capital reserve	-	-	10,000	10,000
Retained earnings	(9,781)	(13,722)	(17,356)	(17,883)
Total shareholders' equity	**5,826**	**1,885**	**8,251**	**7,724**
Liabilities				
Borrowings from Group companies (shareholder loans)	41,407	40,997	30,997	30,997
Borrowings	45,988	49,677	50,462	48,300
Payables to Group companies	263	263	631	1,093
Other payables	379	372	444	369
Total liabilities	**88,037**	**91,310**	**82,533**	**80,759**
Total liabilities and shareholders' equity	**93,864**	**93,195**	**90,783**	**88,483**

Note: All figures except those reported for FY 2019 are audited

Sunborn (Gibraltar) Ltd - Owner and Issuer (II/II)

Cash flow statement

GBP ('000s)	FY16	FY17	FY18	FY19
Operating activities				
Operating profit	(1,217)	(199)	462	452
Adjustment for:				
Depreciation	3,482	3,482	2,522	2,522
Net foreign exchange differences	84	(40)	-	-
Change in working capital:				
Change in receivables from Group companies	552	(1,005)	(445)	(261)
Change in other receivables	(38)	(89)	(17)	(265)
Change in payables to Group companies	263	-	-	(3)
Change in other payables	33	(6)	71	(75)
Net cash flows generated from operations before interest payments	**3,161**	**2,143**	**2,593**	**2,370**
Interest paid	(3,473)	(3,702)	(2,672)	(2,668)
Net cash flows used in operations	**(313)**	**(1,560)**	**(79)**	**(298)**
Investing activities				
Additions in investment property	(48)	(3)	(35)	-
Purchase of property, plant, and equipment	-	(50)	-	-
Net cash used in investing activities	**(48)**	**(53)**	**(35)**	**-**
Financing activities				
Repayment of borrowings from Group companies	-	(410)	(172)	-
Proceeds from borrowings	370	51,459	-	-
Repayment of borrowings	-	(45,988)	-	-
Transaction costs paid	-	(1,782)	(25)	(7)
Net cash used in financing activities	**370**	**3,279**	**(197)**	**(7)**
Cash and cash equivalents at beginning of period	2	12	1,678	1,366
Change in cash and cash equivalents	10	1,666	(310)	(305)
Cash and cash equivalents at end of period	**12**	**1,678**	**1,366**	**1,061**

Note: All figures except those reported for FY 2019 are audited

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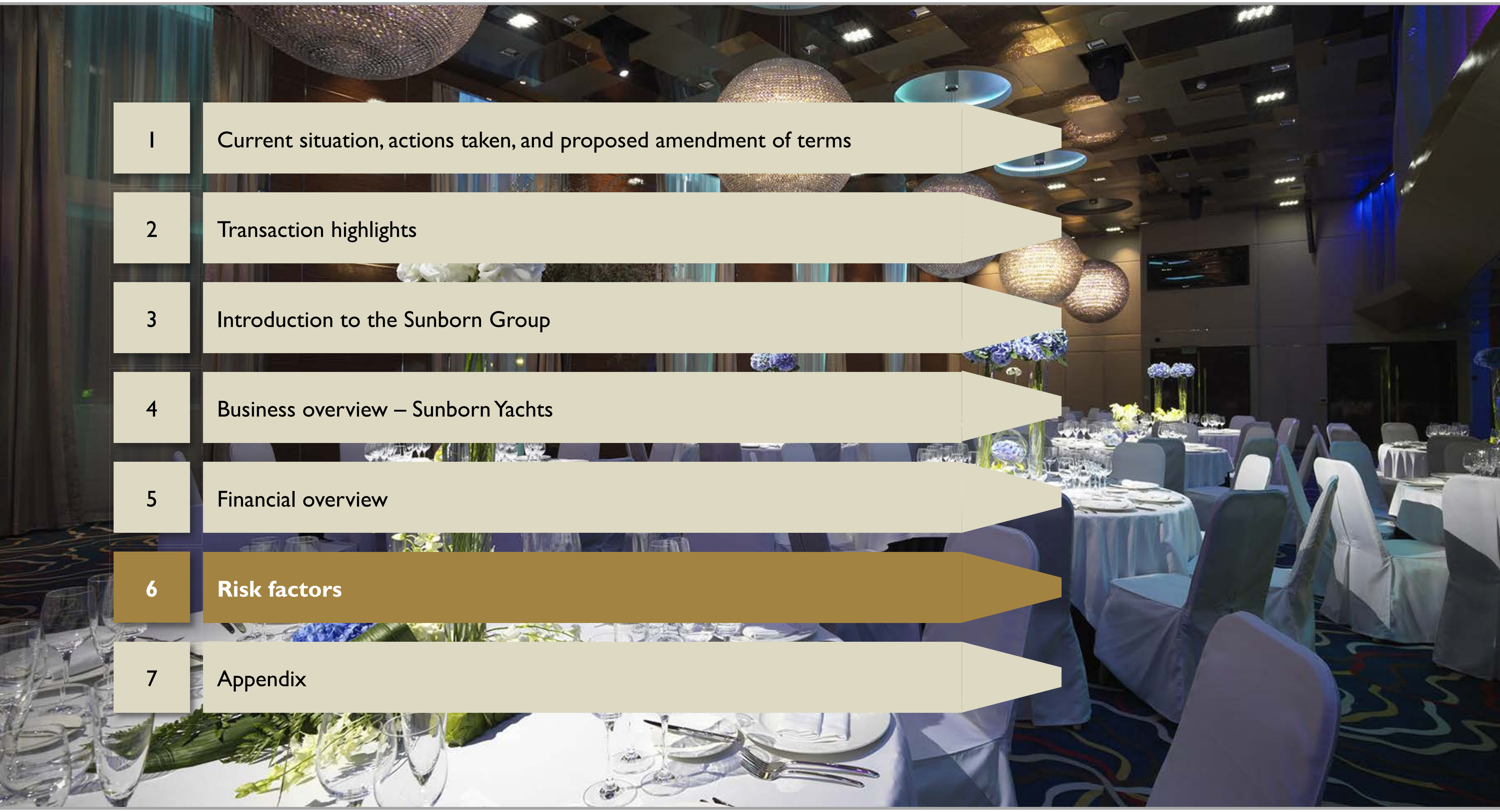

RISK FACTORS

These risk factors have been prepared in connection with the contemplated written procedure for certain proposed amendments and waivers (the "**Proposal**") of the terms and conditions (the "**Terms and Conditions**") for the senior secured bonds with ISIN: SE0010296632 (the "**Bonds**") issued by Sunborn (Gibraltar) Limited (the "**Issuer**"). A number of risk factors and uncertainties may adversely affect the Issuer and/or Sunborn (Gibraltar) Resort Limited (the "**Operator**") and if any of these risks or uncertainties materialize, the business, operating results and financial position of the Issuer could be materially and adversely affected, which could have a material adverse effect on the Issuer's ability to meet its obligations (including payment of interest and repayment of principal) under the Terms and Conditions.

The most material risk factor in a category, based on the Issuer's assessment of the probability of the risk's occurrence and the expected magnitude of its adverse impact, is presented first in that category. Subsequent risk factors in the same category are not ranked in order of materiality or probability of occurrence. Where a risk factor may be categorized in more than one category, such risk factor appears only once and in the most relevant category. Each risk factor is disclosed by rating the relevant risk, based on the probability of the risk's occurrence and the expected magnitude of its adverse impact, as low, medium or high. The Bondholders should make an independent evaluation, with or without help from advisors, of the risks associated with the Bonds and the Proposal. The statements in these risk factors are made as at 15 May 2020.

Risks related to the Proposal

Increased credit risk as a consequence of passing of the Proposal

The Proposal will, if accepted by the requisite majority of the Bondholders, be binding on all Bondholders, whether or not they voted in favour of the Proposal and whether or not they participated in the written procedure. If the Proposal is accepted, the Terms and Conditions will be amended and waived in accordance with the Proposal which will mean that, among other things, (i) the lease payments from the Operator to the Issuer will be reduced, and (ii) the Restricted Obligors (as defined in the Terms and Conditions) will be permitted to incur additional financial indebtedness under governmental support programs. The acceptance of the Proposal could therefore result in an increased credit risk for the Bondholders in the form of increased risk of default and loss in case of default.

Risk rating: High

The proposed deferral of interest payments is not sufficient to solve the Group's liquidity crisis and the Group is thus dependent on additional financing

The Proposal includes deferral of certain interest payments to strengthen the Group's liquidity position. Even if the Proposal is accepted, the Group is dependent on securing additional financing, e.g. by way of governmental support programs or other financing, to secure its liquidity position and thus the deferral of interest payments under the Bonds is not a sufficient measure to satisfy the Group's liquidity needs. There is a risk that such additional financing will not be available on acceptable terms, or at all. Should the Group fail to secure additional financing this could have a negative impact on the Operator's ability to make the rental payments to the Issuer under the bareboat lease agreement which would in turn affect the Issuer's ability to fulfil its obligations under the Bonds, as well as the market price and value of the Bonds.

Risk rating: High

Changes in the market price of the Bonds as a consequence of passing of the Proposal

As the Proposal, if accepted, will result in an increased credit risk for the Bondholders as described above there could be a risk that the market price of the Bonds is negatively affected by the passing of the Proposal.

Risk rating: Medium

The Issuer may not receive any equity injection under the parent undertaking

The Proposal, if accepted, will include an undertaking for Sunborn Oy to procure that 50 per cent. of the net proceeds from any third-party disposal of (i) its shares in Gilleleje Resort Development A/S (currently being 90 per cent. of the outstanding share capital in Gilleleje Resort Development A/S) or (ii) any assets owned by Gilleleje Resort Development A/S, shall be applied for making an equity injection in the Issuer. However, the Parent and Gilleleje Resort Development A/S may in their own discretion elect not to make any such third-party disposals, hence avoiding the obligation to make such equity injection in the Issuer and moreover, in the event of a bankruptcy in Sunborn Oy the bondholders will not have the right to demand an equity injection. Even if a third-party disposal is made, the market value of the shares in Gilleleje Resort Development A/S or any of its properties may prove to be limited. If the abovementioned parties avoid to trigger the obligation to make the equity injection in the Issuer, or if such equity injection is only made in a low amount, it could adversely affect the Issuer's ability to fulfil its obligations under the Bonds.

Risk rating: Medium

Risk factors

Risks related to the Issuer and the market conditions
Notwithstanding if the Proposal is accepted or not, there is still risks relating to the market conditions and the Issuer's business which may impact the Issuer's ability to repay the Bonds and meet its obligations under the Terms and Conditions, please see below.

Coronavirus Disease 2019 (COVID-19)
The novel Coronavirus disease 2019 ("**COVID-19**") outbreak is currently having an indeterminable adverse impact on the global economy. COVID-19 was reportedly first discovered in Wuhan, Hubei Province, China, in 2019 and on 11 March 2020, the World Health Organization declared COVID-19 a pandemic. Cases of COVID-19 have been confirmed all across the world, including in Gibraltar. The COVID-19 outbreak has become a widespread health crisis, which in turn may result in protracted volatility in international markets and result in a global recession as a consequence of disruptions to inter alia the travel, hospitality and tourism industry. In particular, in February and March 2020 the COVID-19 outbreak caused stock markets worldwide to lose significant value and impacted economic activity worldwide. The trading price of the Bonds may therefore be adversely affected by the economic uncertainty caused by COVID-19.

As a result of the COVID-19 pandemic, the Sunborn Gibraltar yacht hotel has been temporarily closed since 23 March 2020. Therefore, the Operator's income is currently reduced by approximately 98 per cent.

As a response to the COVID-19 outbreak, the Gibraltar government has declared a total social lockdown of Gibraltar which entered into effect on 24 March 2020. Given the rapid and evolving nature of the COVID-19 outbreak it is impossible to determine its ultimate impact on the Group, but the types of measures taken by the Gibraltar government and other measures implemented by governments around the world to limit the spread of COVID-19 such as travel restrictions, closure of borders and prolonged quarantines have had, and may continue to have, a material adverse effect on the Group's business, earnings and financial position.

The Group may further be negatively impacted by long-term changes to international travel patterns caused by fear of exposure to or actual effects of a disease outbreak, epidemic, pandemic, or similar widespread public health concerns triggered by the COVID-19 pandemic. A negative development with regard to any of the aforementioned factors could have a direct or indirect adverse effect on the Issuer's and Operator's business, financial position, results of operations and future prospects and thereby, on the Issuer's ability to fulfil its obligations under the Bonds.

Risk rating: High

Credit risk in relation to the Operator
The Issuer is the owner of the Sunborn Gibraltar yacht hotel, which is subject to a bareboat lease agreement by and between the Issuer and the Operator. Under the bareboat lease agreement, the Operator makes rental payments to the Issuer. Along with payments deriving from the restaurant and bar area at the hotel which is operated by the Operator, the payments under the bareboat lease agreement constitute the Issuer's sole income. This single source of income from the Operator creates a credit risk concentration in relation to the Operator. The credit risk is managed by continuously monitoring the performance and the financial position of Operator, which has not been assigned credit ratings by any rating agency. The credit risk has substantially increased as a result of the Operator's deteriorating financial condition due to the COVID-19 pandemic.

Furthermore, in the event that, for whatever reason, the operation of the restaurant and bar area is unsuccessful, this could, among other things, lead to decreased level of income for the Operator and indirectly affect the ability of the Issuer to make payments and meet its contractual obligations. If any of the abovementioned risks would materialize, it could have a material adverse effect on the Issuer's business, financial position, results of operations and future prospects and thereby, on the Issuer's ability to fulfil its obligations under the Bonds.

Risk rating: High

Dependency on airlines
The Issuer and the Operator are dependent on potential guests of the Sunborn Gibraltar yacht hotel having access to flights to and from the Gibraltar International Airport, and therefore on the general financial and business conditions of the airlines trafficking the airport. Currently, the Gibraltar International Airport is mainly trafficked by three different airlines.

In 2017, one of the airlines with the most frequent traffic to Gibraltar was declared bankrupt. As a consequence, incoming flights to Gibraltar were drastically reduced which adversely affected the hotel room occupancy of the Sunborn Gibraltar yacht hotel. There are no guarantees that the airlines currently offering flights to and from Gibraltar will not be declared bankrupt or for other reasons need to drastically reduce their flights to and from Gibraltar. A reduction of flights to and from Gibraltar may have an adverse effect on the Issuer's and the Operator's business, financial position, results of operations and future prospects and thereby, on the Issuer's ability to fulfil its obligations under the Bonds.

Risk rating: High

Uncertain global economic and financial market conditions
Uncertainty remains in the global market and it cannot be ruled out that the global economy could fall back into a recession, or even a depression, that could be deeper and longer lasting than the recession experienced in the past years. An economic slowdown or recession, regardless of its depth, may affect the Issuer's business in a number of ways, including, inter alia, income, wealth, liquidity, business and/or financial condition of the Issuer, any of which developments could have an adverse effect on the Issuer's business, financial position, results of operations and future prospects and thereby, on the Issuer's ability to fulfil its obligations under the Bonds.

Risk rating: High

The hospitality industry is subject to certain global macroeconomic factors and other factors beyond the Issuer's control
The Sunborn Gibraltar yacht hotel is located in Gibraltar. However, the Issuer's guests are global and, consequently, the Issuer is subject to a number of global macroeconomic factors and other factors that could adversely affect the Issuer's business, many of which are common to the hospitality industry and beyond the Issuer's control. Negative developments in the economic, political and market conditions may lead to a decline in consumer confidence, increased levels of unemployment and decreased travel, any of which factors could adversely impact the demand for leisure and business travel, as well as for food and beverage and meetings. Impediments to means of transportation (including airline strikes and road closures), extreme weather conditions, natural disasters, rising fuel costs, impact of acts of war or terrorism, outbreaks of pandemic or contagious diseases and health concerns or other factors may diminish the demand or ability for leisure and business travel. Increases in operating expenses due to inflation, increased personnel costs, currency exchange movements, higher utility costs, increased taxes and insurance costs and other factors may not be offset by increased room rates or other revenue. Changes in governmental laws and regulations, including health and liquor license laws, VAT changes, employment regulations, environmental regulations and building requirements, may raise costs of compliance. A negative development with regard to any of the aforementioned factors could have a direct or indirect adverse effect on the Issuer's and the Operator's (jointly the "**Group**") business, financial position, results of operations and future prospects and thereby, on the Issuer's ability to fulfil its obligations under the Bonds.

Risk rating: High

Geographic concentration
The Issuer has its operations in Gibraltar. The Issuer is therefore highly dependent upon the development of, and would be affected to a greater extent by changes affecting, tourism and local business in Gibraltar. A negative development in the Gibraltar area may have an adverse effect on the Issuer's business, financial position, results of operations and future prospects and thereby, on the Issuer's ability to fulfil its obligations under the Bonds.

Risk rating: High

Risk factors

Fluctuations in currency exchange rates
A large portion of the Issuer's income is denominated in GBP. The Issuer is exposed to foreign currency risk, inter alia, through the Bonds, which are denominated in EUR. The exchange rates between GBP and EUR have fluctuated significantly and may in the future fluctuate significantly. The Issuer does not fully hedge its exposure to foreign exchange rate exposures and to the extent that such exposures are not hedged, any fluctuations in currencies may adversely affect the Issuer's financial results in ways unrelated to its operations. These developments could have an adverse effect on the Issuer's business, financial position, results of operations and future prospects and thereby, on the Issuer's ability to fulfil its obligations under the Bonds.

Risk rating: High

Credit risk
Credit risk refers to the risk that the Issuer's counterparties cannot meet their payment obligations and thereby create a loss for the Issuer. If the Issuer's measures to manage credit risk are inadequate or become more expensive, this may have an adverse effect on the Issuer's business, financial position, results of operations and future prospects and thereby, on the Issuer's ability to fulfil its obligations under the Bonds.

Risk rating: High

Ability to service debt
The Issuer's ability to service its outstanding debts will depend upon, among other things, the Issuer's and the Operator's future financial and operating performance, which will be affected by prevailing economic conditions and financial, business, regulatory and other factors, some of which are beyond the Issuer's and the Operator's control. If the Issuer's operating income is not sufficient to service its current or future indebtedness, the Issuer will be forced to take actions such as reducing or delaying its business activities, acquisitions, investments or capital expenditures, selling assets, restructuring or refinancing its debt or seeking additional equity capital. The Issuer may not be able to affect any of these remedies on satisfactory terms, or at all. If any of these risks would materialise, it could have an adverse effect on the Issuer's business, financial position, results of operations and future prospects and thereby, on the Issuer's ability to fulfil its obligations under the Bonds.

Risk rating: High

The Issuer may not be able to obtain financing at a commercially reasonable cost, or at all
The Issuer may not be able to obtain financing or may only be able to obtain financing at a greatly increased cost. Furthermore, the Issuer may in the future have difficulty obtaining additional financing and/or refinancing its existing debt when it matures. The availability of additional financing depends on factors such as market conditions, the general availability of credit and the Issuer's credit capacity. Furthermore, the availability of additional financing depends on the Issuer's lenders or rating agencies (if and when the Issuer's securities are rated) maintaining a positive perception of the Issuer's long- or short-term financial prospects. Disruptions and uncertainty in the capital and credit markets may also limit access to capital.

The Issuer cannot make any assurances that it, in the future, will be able to obtain financing at a commercially reasonable cost or on acceptable terms and, should the Issuer not be able to obtain financing, that could have a material adverse effect on the Issuer's operations, financial position and earnings, and the performance of the Issuer under the Bonds.

Risk rating: High

Damages to the vessel or reparations
The Sunborn Gibraltar yacht hotel is moored and operated at the Ocean village marina, Gibraltar. There is a risk that the vessel is damaged, either by human force or by nature, which may require the Issuer to repair the vessel. If any such event were to occur that would necessitate reparations, this could lead to interruptions in the business or, in the case of serious damages to the vessel, the business operations being stopped. In addition, normal wear and tear may require reparations and renovations, which in turn may cause temporary interruptions in the operations. Any such development could have an adverse effect on the Issuer's business, financial position, results of operations and future prospects and thereby, on the Issuer's ability to fulfil its obligations under the Bonds.

Risk rating: Low

Environmental risks
In the event that the Issuer or the Operator, by accident or any other reason, should pollute the marina waters with, for example, contaminated bilge water or refuse from the Sunborn Gibraltar yacht hotel, this could lead to legal actions being initiated against the Issuer or the Operator, and potentially affecting the right of Sunborn Gibraltar yacht hotel to berth and operate at the Ocean village marina. Should pollution of the marina water occur, this could have an adverse effect on the Issuer's business, financial position, results of operations and future prospects and thereby, on the Issuer's ability to fulfil its obligations under the Bonds.

Risk rating: Low

Employees
The Issuer's and the Operator's future development depends largely on the skills, experience and commitment of their employees. Therefore it is important for the Issuer's and the Operator's business activities and development that they are able to retain and, where necessary, also recruit suitable employees. If the Issuer or the Operator should become unable to retain or recruit suitable employees, this could have an adverse effect on the Issuer's business, financial position, results of operations and future prospects and thereby, on the Issuer's ability to fulfil its obligations under the Bonds.

Risk rating: Low

Negative publicity
The Issuer and the Operator rely on their brands (among other things) to retain and attract new customers and employees. Any negative publicity or announcement relating to the Issuer or the Operator may, whether or not justifiable, impair the value of the brands of the Issuer and/or the Operator, which could have an adverse effect on the Issuer's business, financial position, results of operations and future prospects and thereby, on the Issuer's ability to fulfil its obligations under the Bonds.

Risk rating: Low

Insufficient insurance cover
The Issuer may incur costs due to inadequate insurance cover for, inter alia, property, business interruption, liability, life and pensions. The Issuer or the Operator may not be able to maintain adequate insurance coverage on terms acceptable to the Issuer or the Operator, respectively. Furthermore, the insurance coverage obtained may not prove to be sufficient. If the level of insurance coverage is not sufficient in relation to a significant claim or loss, this could have a negative impact on the Issuer's operations, financial position and earnings, as well as the performance of the Issuer under the Bonds.

Risk rating: Low

Risk factors

Political and legislative risks
The Issuer is located in Gibraltar. The political status of Gibraltar has been subject to referenda in the past and it cannot be ruled out that Gibraltar's status as a British Overseas Territory may change in the future. Political and legislative changes may also arise from the United Kingdom's withdrawal from the European Union ("**Brexit**"). Gibraltar is further dependent on its political relationship with Spain, which historically at times has been contentious.

Unfavorable political and legislative changes may affect the Issuer's business and may, inter alia, impair the Issuer's ownership and leasing of the Sunborn Gibraltar yacht hotel. Brexit may also make travelling to Gibraltar more cumbersome and expensive, thereby potentially decreasing the number of tourists visiting Gibraltar. Aforementioned political and legislative risks as well as the Issuer's failure to protect against such risks could have an adverse effect on the Issuer's business, financial position, results of operations and future prospects and thereby, on the Issuer's ability to fulfil its obligations under the Bonds.

Risk rating: Low

Regulatory risks
The Issuer and the Operator are limited liability companies incorporated under the laws of Gibraltar and thus subject to the laws of Gibraltar, including but not limited to, in matters relating to governance and insolvency. Further, most contracts involving the Issuer or the Operator are subject to the laws of Gibraltar. The Sunborn Gibraltar yacht hotel is a Finnish registered barge located in Gibraltar, and thus in certain respects subject to both the laws of Finland and Gibraltar, and also, to some extent, subject to special regulations applicable to marine vessels. Amended or new legislation and administrative practices in any of the relevant jurisdictions could have an adverse effect on the Issuer's business, financial position, results of operations and future prospects and thereby, on the Issuer's ability to fulfil its obligations under the Bonds.

The Issuer has to comply with a wide variety of laws and regulations, as applicable to Sunborn Gibraltar yacht hotel or otherwise, such as health and safety regulations, environmental regulations, competition regulations and corporate and tax laws. Further, the Issuer and the Operator are dependent on permits and licenses, inter alia, in respect of fire safety, entertainment and serving of alcohol. Also, the right to operate a casino at the Sunborn Gibraltar yacht hotel is subject to a permit, which may be revoked should the relevant regulations not be complied with. Failure to comply with laws and regulations and/or failure to obtain or retain permits could have an adverse effect on the Issuer's business, financial position, results of operations and future prospects and thereby, on the Issuer's ability to fulfil its obligations under the Bonds.

Risk rating: Low

The Operator and the Issuer are subject to data protection regulations
The Operator and the Issuer collect and retain the personal data which is subject to data protection regulations and in particular, the General Data Protection Regulation (679/2016) (the "**GDPR**") which was implemented in May 2018. Breaches of the GDPR may result in administrative sanctions of up to EUR 20 million or four (4) percent of the previous year's combined annual turnover of the ultimate parent company of the Operator and the Issuer and all other companies that such ultimate parent company controls directly or indirectly (whichever is higher), as well as reputational damage. Thus, compliance with the GDPR is crucial to the Operator and the Issuer. The Issuer and the Operator have involved external consultants to implement procedures and policies in accordance with the GDPR. However, there is a risk that the Issuer and Operator are fully compliant with the GDPR and any non-compliance with the GDPR, as well as other applicable data privacy legislation, could have an adverse effect on the Issuer's and Operator's business, financial position, results of operations and future prospects and thereby, on the Issuer's ability to fulfil its obligations under the Bonds.

Risk rating: Low

Governmental, legal and arbitration proceedings
Neither the Issuer or the Operator are currently involved in governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer or the Operator are aware), which may have, or may have had in the recent past, significant effects on the Issuer's business operations and/or its financial position or profitability. However, the Issuer and the Operator are exposed to different types of legal risks in its business and therefore, it is possible that the Issuer or the Operator will in the future be a party to governmental, legal or arbitration proceedings or administrative procedure. The risks and costs relating to any of the above proceedings or procedures could have an adverse effect on the Issuer's business, financial position, results of operations and future prospects and thereby, on the Issuer's ability to fulfil its obligations under the Bonds.

Risk rating: Low

Changes in tax legislation and other taxation risks
Tax risks relate to, among others, the changes in the tax rate and/or tax and customs legislation and processes or thereto related false interpretations or the acceptability of the Issuer's business transactions. It is possible that the Issuer's business decisions are reassessed by the tax authorities, which can result in an obligation to pay additional taxes and related payments. The realisation of tax risks could have an adverse effect on the Issuer's business, financial position, results of operations and future prospects and thereby, on the Issuer's ability to fulfil its obligations under the Bonds.

Risk rating: Low

The hospitality industry is competitive
Increased competition and periodic oversupply of hotel accommodation could adversely affect occupancy levels and room rates. Seasonal and cyclical nature of the demand for hotel rooms, meeting spaces and conference venues may contribute to fluctuations in the Issuer's financial condition and results of operations. Growth of online travel agencies, internet reservation channels and other travel intermediaries may increase competition for customers and reduce profitability. Increased use of videoconferencing and further emergence of long-stay apartment hotels or "sharing economy" platforms (such as Airbnb) may reduce the demand for hotel and meeting services. Increased competition, or the inability of the Issuer to adapt to new trends and developments in the tourism industry, could have an adverse effect on the Issuer's business, financial position, results of operations and future prospects and thereby, on the Issuer's ability to fulfil its obligations under the Bonds.

Risk rating: Low

Dependency on Ocean village marina mooring agreement
The Issuer is dependent on its right to berth and operate the Sunborn Gibraltar yacht hotel at its current location in the Ocean village marina, Gibraltar. If this right were to terminate, due to either party's breach of its contractual obligations under the relevant mooring agreement, changes to laws or regulations, actions by authorities or any other reason, this could lead to interruptions in the business of the Issuer. If the Issuer is not able to find an alternative location for the vessel in Gibraltar, the Issuer may be forced to cease its operations. Any such development could have an adverse effect on the Issuer's business, financial position, results of operations and future prospects and thereby, on the Issuer's ability to fulfil its obligations under the Bonds.

Risk rating: Low

Dependency on suppliers being able to provide services and products at the Sunborn Gibraltar yacht hotel's current location
The Issuer and the Operator are dependent on suppliers being able and willing to provide, including but not limited to, energy, water, telephone and IT to the vessel at its current location at the Ocean village marina. Should any supplier be unwilling or unable to, due to logistical, infrastructural or any other reason, provide services or products to the Sunborn Gibraltar yacht hotel, this could have an adverse effect on the Issuer's business, financial position, results of operations and future prospects and thereby, on the Issuer's ability to fulfil its obligations under the Bonds.

Risk rating: Low

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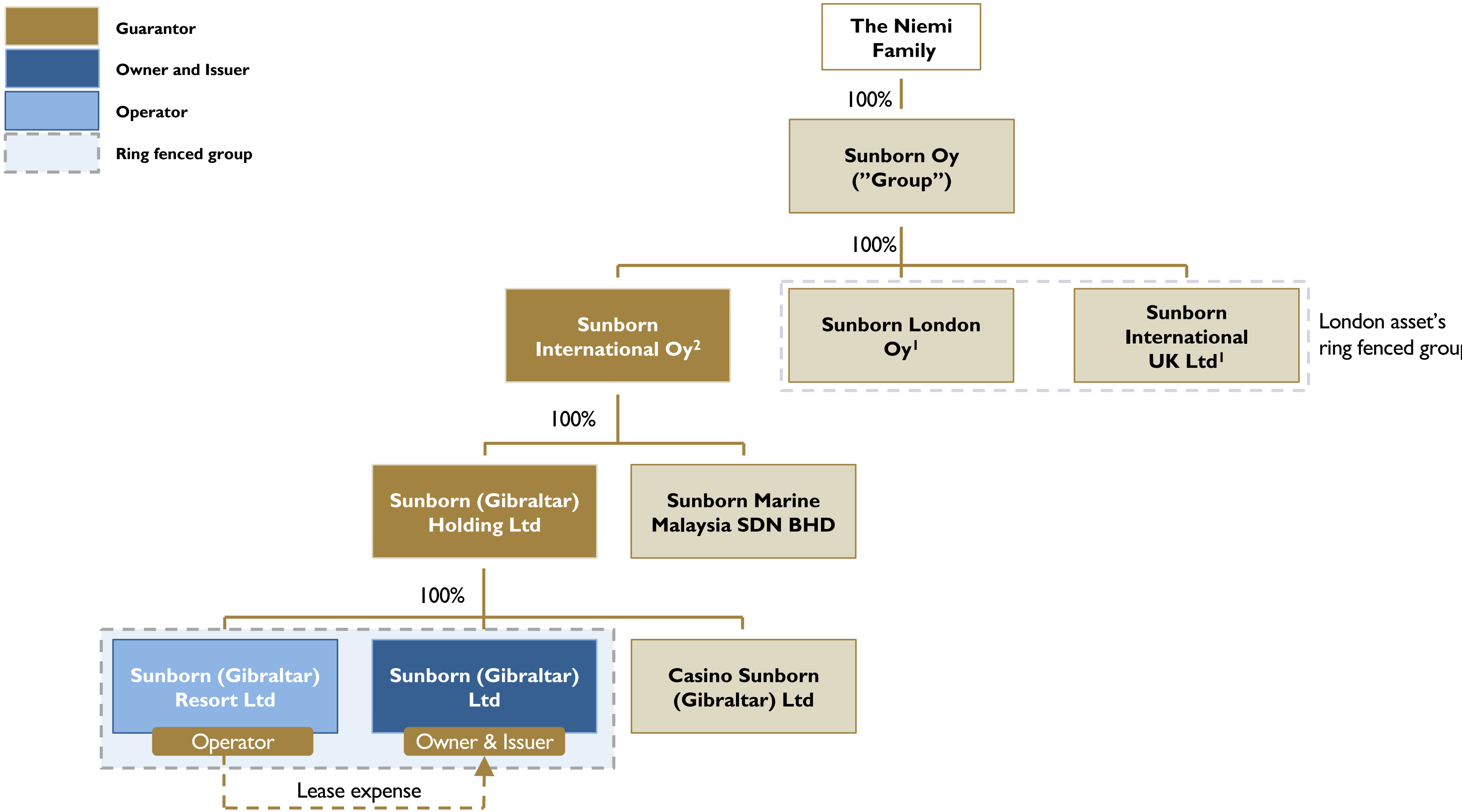
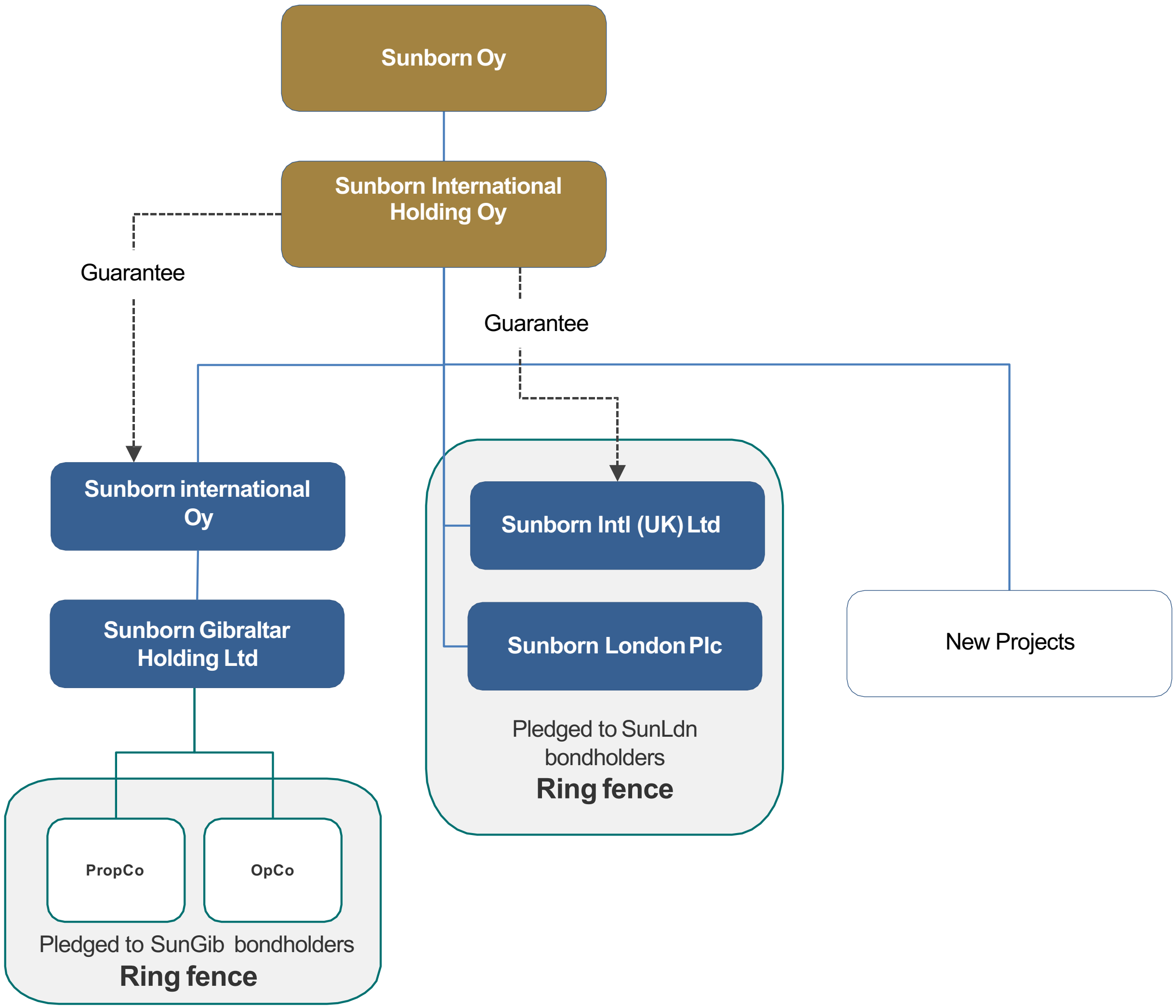
Detailed organisational and transaction structure



1) Companies are currently subsidiaries of Sunborn Oy. The intention is to transfer shares in Sunborn London Oy and Sunborn International (UK) Ltd from Sunborn Oy to Sunborn International Oy
2) Registered in Finland. Owns the intellectual property rights (IPR) for assets such as brands and designs as well as the development rights for current and future projects

Sunborn Yacht Hotel Group – Corporate restructure

Group structure



Comments

- The plans have been based on creating a new consolidated and simplified structure for the Yacht hotel operations
- The result is a reorganisation of the yacht hotel business to create a new HoldCo entity Sunborn International Holding Limited - that owns Sunborn Gibraltar and London related entities
- The reorganisation has been planned and prepared with legal advisors, tax authorities and Nordic Trustee ensuring there are no negative impacts to the rights of bondholders. In the specific case of Gibraltar, as the restructuring is made outside of the structure does not affect the bonds at all.

Summary of internal bareboat agreement

Owner	Sunborn (Gibraltar) Limited ("SB Ltd")
Charterer	Sunborn (Gibraltar) Resort Limited ("SBR Ltd")
Vessel name and Flag	Sunborn Gibraltar, OJQR, Finnish Flag
Charter Period	10 years
Lease fee	£265,000 per month (from 2018) plus VAT, payable monthly by the 5th day of each month. For the avoidance of doubt, the Gibraltar VAT is currently 0%. SBR Ltd has invoked force majeure due to the COVID-19 situation , hence postponed / waived payments for the period Q2-Q4 2020
Assignment	SBR Ltd has no right to assign this Agreement to the third party, either totally or partially including hotel services, without prior written consent from SB Ltd
Insurance	SB Ltd undertakes to insure the yacht hotel hull SBR Ltd undertakes that in all circumstances there shall be a third party insurance covering all kinds of third party liabilities to customers and that the insurance shall be in force for the duration of this Agreement
Termination	SB Ltd is entitled to terminate the Agreement, subject to 3 months' notice in writing, if: - SBR Ltd breaches the agreement materially - SB Ltd control has changed as a result of the sale of shares of SB Ltd - The yacht hotel will be divested, SBR Ltd goes into liquidation, seeks a debt restructuring or otherwise becomes / may become insolvent
Governing law	Gibraltar Law

Summary of mooring agreement

Grantor	Ocean Village Investments Limited
Grantee	Sunborn (Gibraltar) Limited
Effective date	15th August 2013
Purpose	Berthing the Vessel (Sunborn Gibraltar) or other such vessel (of similar size and fitted out to a similar standard to the Vessel)
Fee	From 15th August 2013 to the day before the date the Vessel is actually delivered to the Berth, the Grantee will pay the Grantor a reduced fee of £120,000 per annum. From effect when the Vessel is delivered to the Berth, the standard Berthing fee will be £480,000 per annum (the "Base Fee"). This shall be discounted by 20% if the annual payment is received in advance, or discounted by 15% if 6 months payment is received in advance. The Base fee shall be adjusted upwards annual by applying the same percentage increase by which the UK RPIJ (capped Yr1: 2.0%, Yr2: 2.25%, Yr3:2.5%, Yr4: 2.75%). Base Fee is to be paid at least monthly and in advance
Tenor	15 years (from 15th August 2013 – "the Licence Period")
Selected Grantor's obligations	Provide the Grantee with reasonable and unimpeded passage from the Berth, allow the Grantee to operate its business activities without hindrance, ensure the Grantor and external contractors employed by the Grantor do not disturb the business activities of the Grantee and allow reasonable access to the Vessel for pedestrians and vehicles through the Grantor's property
Selected Grantee's obligations	The Vessel cannot be moved from the Berth to any other location in Gibraltar, other than (a) for repairs / routine service, (b) if the Vessel is replaced with another vessel of similar size and fitted out to a similar standard. The grantee must also maintain, provide and keep adequate insurance in relation to the Vessel, its fixtures and fittings and owned infrastructure on the permanent dock. The Grantee must comply with all requirements of the insurers
Termination	The grantee may terminate this Licence Agreement under the following circumstances; (a) by giving the Grantee 60 days notice and paying the "Berth Cancellation and Leaving Fee" of £1.2m, together with any other outstanding debts, fees and costs due, and (b) by giving 6 months notice and paying the Grantor a sum equivalent to twice the annual base Fee, together with any other outstanding debts, fees and costs due. Third Party Services and Facilitating Removal Works will be the responsibility of the Grantee. In the event either party finds a replacement vessel for the Berth, the compensation payments in (a) and (b) will be reduced by 50%. Both parties have a right to terminate the licence if any material breach has been committed by either party, the Grantee fails to pay any payments due within 30 days, if the berth becomes unsuitable or unsafe for the Mooring of the Vessel or if there is a change to laws or regulation which prevents the Grantee from operating the hotel on the Vessel
Governing law	Law of Gibraltar

Insurance summary

Hull & Machinery	• The primary insurance against physical damage to the vessel. Hull & Machinery, Materials, Equipments, etc. and everything connected therewith • Agreed value is EUR 75 million with Fairwater Marine AB • Leading Underwriter: Gard AS as agent for Gard Marine & Energy Insurance (Europé) AS
Freight Interest	• Insurance to cover any additional costs in replacing a vessel, in excess of vessel market value • Agreed value is EUR 17.5 million with Fairwater Marine AB • Leading Underwriter: Gard AS as agent for Gard Marine & Energy Insurance (Europé) AS
Hull Interest	• The Hull Interest cover allows the shipowner to have an expectation of returning to status quo in the event of a total loss • Agreed value is EUR 17.5 million with Fairwater Marine AB • Leading Underwriter: Oy Gard (Baltic) Ab as agent for Gard Marine & Energy Insurance (Europé) AS
War Risks	• Insurance against damage as a consequence of war like hostilities, civil unrest, sabotage, arrest, seizure etc. • Agreed value is EUR 110 million with Fairwater Marine AB • Leading Underwriter: Gard AS as agent for Gard Marine & Energy Insurance (Europe) AS
P&I	• Covers legal liability for damages that shipowners can be exposed to in connection with operating the vessel, including but not limited to pollution, wreck liabilities, collision with other vessels and loss of or damage to property in excess of the hull & machinery value • Limit of cover is USD 500 million with The Shipowners' Club

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