Secured Bond due 2021

December 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.

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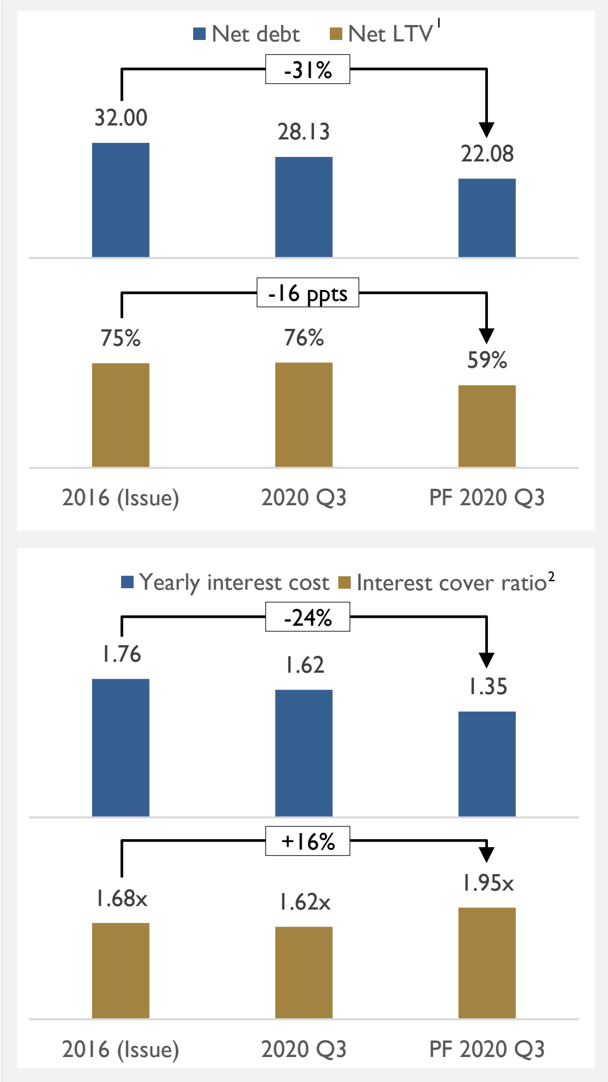
The contemplated transaction and rationale

The current operator of Sunborn London, ISS, have made a strategic decision to exit all management contracts of hotels	▪ ISS has taken a strategic decision to exit all management contracts for hotels since it is not considered as core operations ▪ Sunborn London is the last hotel management contract ISS has in its portfolio, hence the service provider has explored different routes to exit the contract prematurely
ISS' exit offer to Sunborn London amounts to more than EUR 7m and a transfer of management and staff to keep expertise	▪ Due to ISS' wish to exit in good faith, an offer has been made after negotiations with Sunborn including the following: 1. ISS pays a one-off settlement fee of equivalent to ~2.5 years lease payment 2. ISS transfer to Sunborn equipment and other items to a value of EUR ~1m 3. No loss in expertise - management and staff employed by ISS will be transferred to Sunborn (note that employees considered themselves already being part of the Sunborn brand) 4. Transition period of up to 3 months after closing in order to hand over the operations in the best possible way
Sunborn Group is an experienced hotel operator and consider the offer from ISS as acceptable	▪ The Sunborn Group has experience of the hotel industry since the 1970's. Currently operate three top rated hotels - Naantali Spa & Resort, Ruissalo Spa & Resort and the Sunborn Gibraltar Yacht hotel ▪ ISS was considered a good fit to operate Sunborn London when it entered the contract for operating the first Sunborn in 2006. Since then, the Sunborn Group has identified several areas where the Group itself could operate the hotel with a more hands-on approach and make operational improvements ▪ Sunborn Group has identified material synergies between its current hotel operations which could both drive customers and lower overhead costs
To minimize risk for bondholders, Sunborn propose to amortize the bond with funds from the exit offer, introduce a maintenance covenant and an option to extend the maturity to match Sunborn Gibraltar	▪ Amortise the outstanding bond in an amount of EUR 5.0m, reducing it to EUR 24.5m. Remaining cash from the settlement will be set aside in the hotel operating company to handle initial working capital need and serve as a buffer during the pandemic ▪ Introduce a maintenance ICR covenant in the Issuer of 1.1x ▪ Option to extend the maturity of the bond to match Sunborn Gibraltar's in September 2022. This would lower the refinancing risk of the bond, and in return, Sunborn would offer bondholders a refinancing price of 108 on the new maturity date ▪ Introduce Sunborn International Holding Oy as guarantor of the bond (owner of Sunborn Gibraltar and Sunborn London yachts) ▪ The possibility to use any government support programs in the operating company (unsecured) if available with a limit of EUR 2 million
Sunborn London's is a top rated hotel in London which has outperformed peers during the Covid-19 pandemic	▪ Sunborn London has had an average occupancy rate of ~85% between 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

Key credit highlights

1. Well-performing asset proven by its top ratings at Booking.com, Expedia and Hotels.com as well as its strong key performance indicators
2. Proceeds from ISS' offer will be used towards amortizing current bond and serving as a working capital buffer during the pandemic
3. Identified synergies between Sunborn London and the other hotel operations of Sunborn could drive customers and lower operating expenses
4. Customer sentiment and outlook has improved following the recent positive vaccine news and the hotel has already received pre-bookings for 2021
5. Highly experienced management team backed by seasoned long-term family owners will continue to develop Sunborn London further

Impact from the contemplated amendment on key credit metrics



1) Net LTV including cash position of Issuer and Operator
2) Defined as Bareboat Charter Fee to Bond Interest Cost

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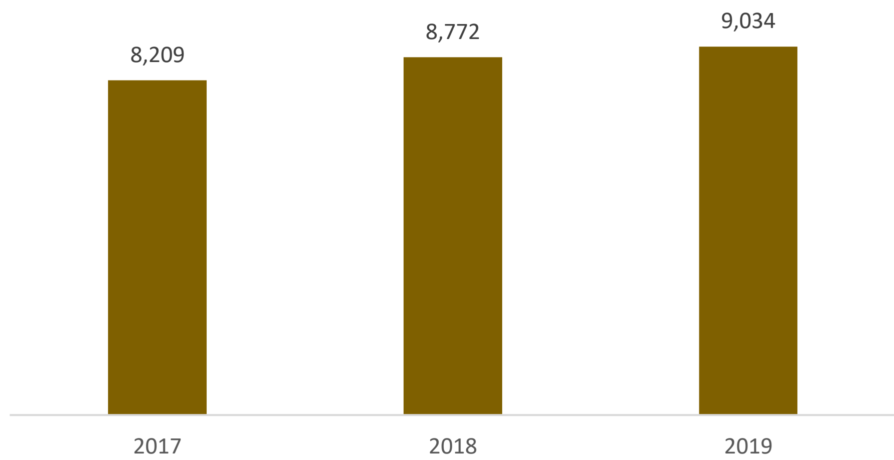
Sunborn London Yacht Hotel is a unique hotel experience…

Overview of the hotel

- Sunborn London is a non-propelled purpose-built yacht hotel designed for operating in sheltered waters along a quayside or pier
- Located in the Docklands area of London with close proximity to the ExCel exhibition centre, O2 Arena, Emirates Cable Car and Canary Wharf
    - The vessel was built in Germany in 2003 and it was considerable refurbished in 2014 following upgrading to a new exterior profile, renewal of main accommodation rooms, public areas and installation of new technical equipment
    - The hotel is equipped with 138 spacious rooms, conference facilities for up to 200 delegates as well as restaurant, bar, spa and lounge
- Sunborn has extensive experience from operating yacht hotels and built its first prototype yacht hotel already in 1998
- Within yacht hotels, the Group also operates a five-star hotel resort in Gibraltar, and successfully sold its first purpose-built yacht hotel in 2008 with a substantial profit
- High customer satisfaction reflected in the current score of 8.5/10.0 on Booking.com (5,500 reviews)

Sunborn London Yacht Hotel

Operator revenue (GBP '000s)



Note: ISS' management accounts

…with high customer satisfaction strong performance…

Comments

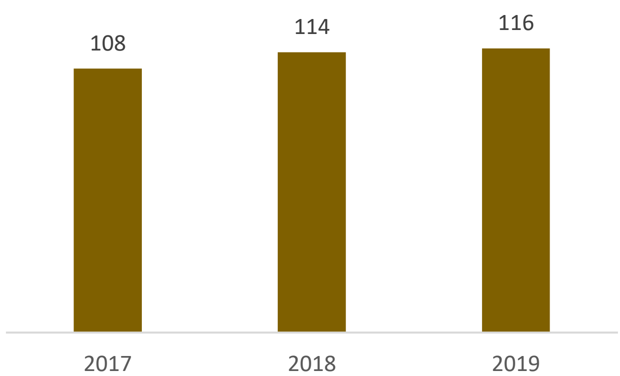
- Reflected by its high customer satisfaction on the leading online hotel booking sites, Sunborn London is a hotel appreciated by its clients
- Performance prior to the pandemic was very strong, with occupancy levels on a full year basis around 85%
- Furthermore, the hotel has been able to improve both RevPAR and ARR during the last years
- Typical guests are corporate guests such as ExCel visitors for seminars, trade fairs, expos, meetings, etc., as well weekend tourists as the O2 arena is located just in the neighborhood

Customer satisfaction (as per November 2020)

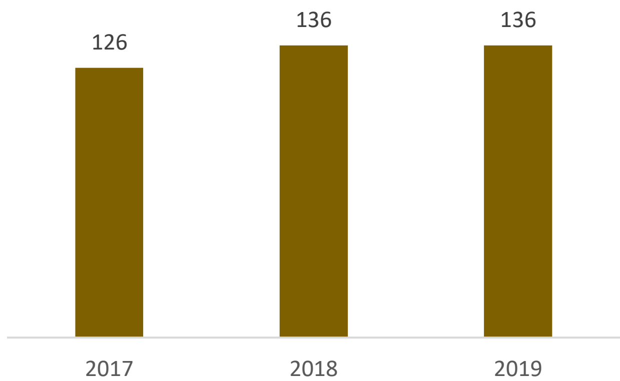
Booking.com	Expedia	Hotels.com
8.5 / 10	**4.3 / 5**	**8.6 / 10**
5,590 reviews	1,020 reviews	1,017 reviews
"*One of our best sellers in London!*" – Booking.com	"*Every VIP Access stay receives consistently high guest reviews and is hand-selected for quality*" - Expedia	"*This hotel is amazing. Its clean, comfortable and beautiful*"

Selected key performance indicators

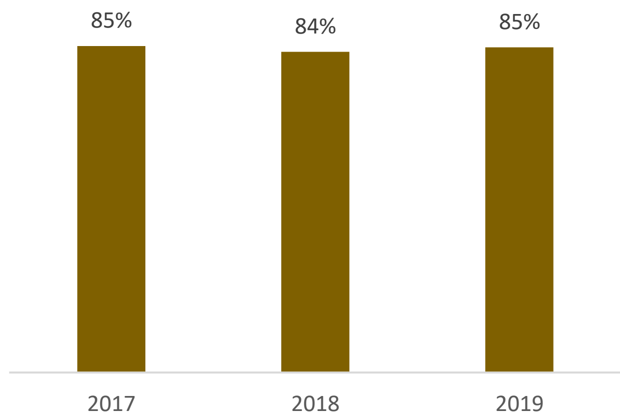
RevPAR (GBP, 2017-2019)



Average room rate (GBP, 2017-2019)

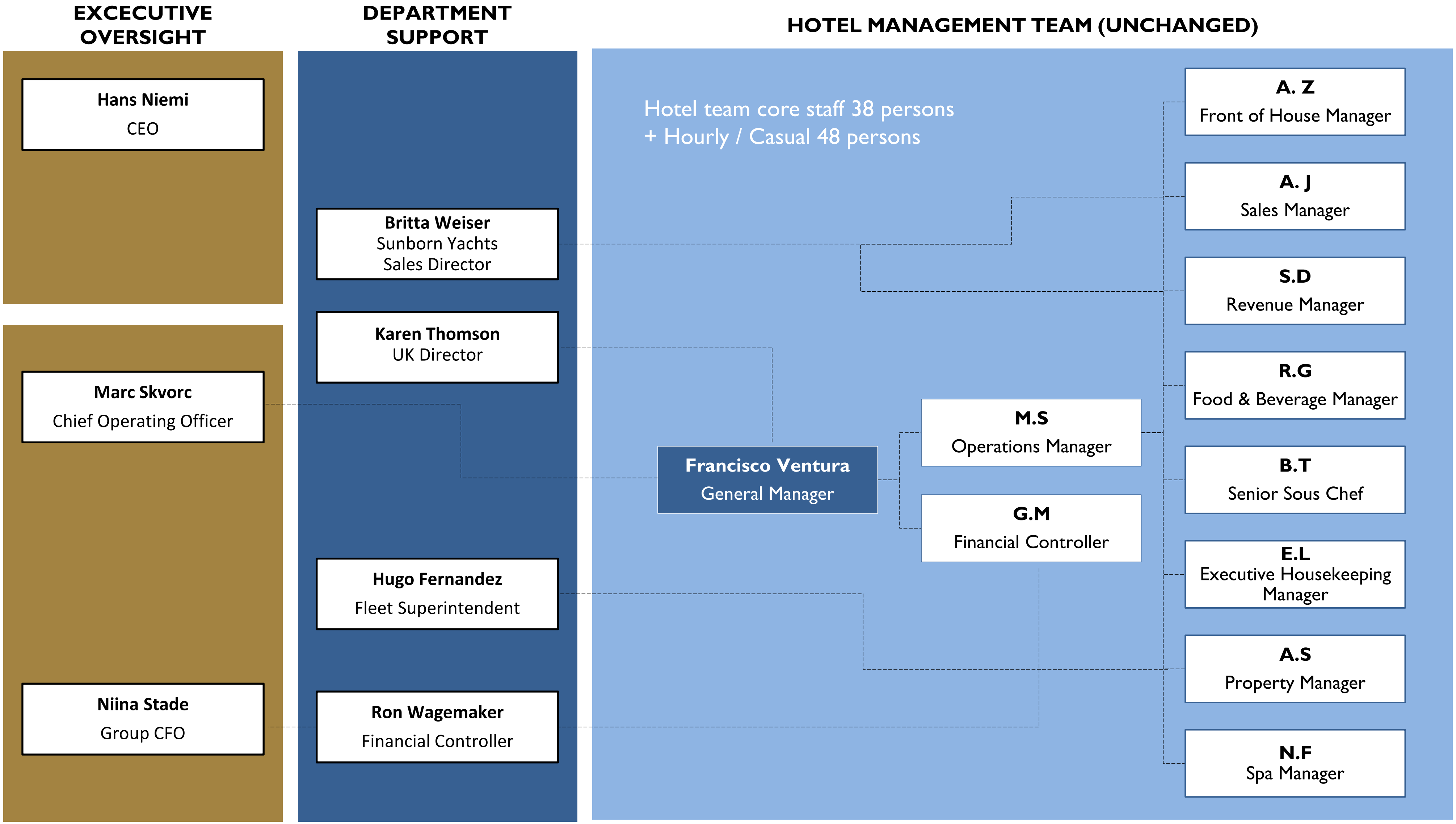


Occupancy rate (%, 2017-2019)



Note: ISS' management accounts for key performance indicators. Hotel reviews retrieved from respective website 18 November 2020

…and a highly experienced management team



An overview of how Sunborn London handled the Covid-19 situation

Actions implemented to mitigate effects from Covid-19

London hotel operations in 2020 have been unexpected and unprecedented due to Covid-19 pandemic

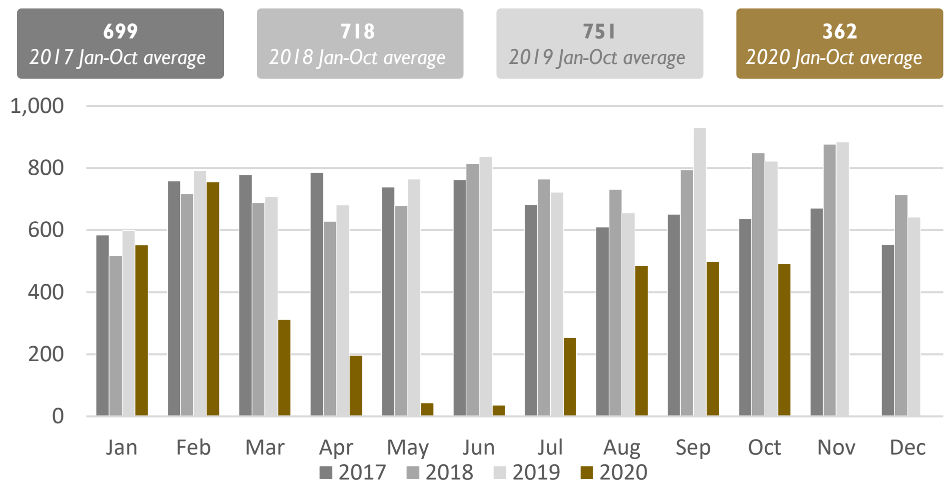
In April 2020, the UK hospitality industry encountered the onset of pandemic related government closure of hotels, restrictions on free movement of people and travel

Mitigating actions:

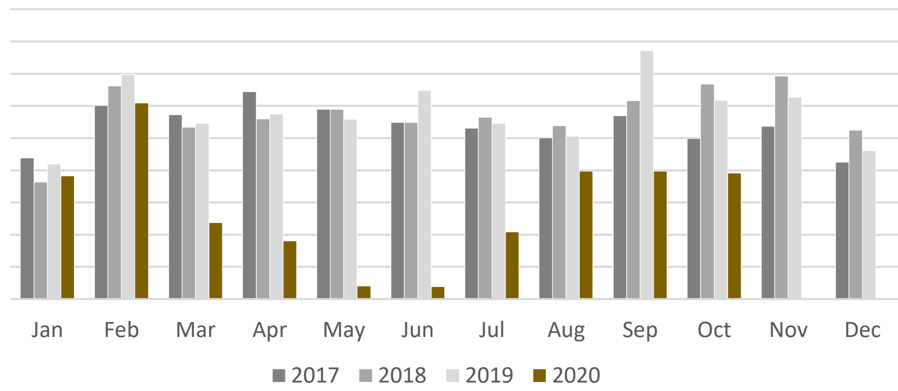
- An agreement Sunborn London made with NHS Nightingale hospital in April 2020 allowed the Sunborn yacht hotel to continue operations for critical staff during the lockdown although at significantly reduced levels
- ISS continued operating the hotel but under extraordinary circumstances. As a consequence, Sunborn and ISS have agreed to apply a permitted discount of the lease fee for an initial period of 12 months starting 1 July 2020 to alleviate the continuing financial impact on the operation
- Typical client segments were replaced largely by leisure guests and during the construction of the NHS Nightingale hospital in April and May by related construction and support staff
- Significant reduction in costs were undertaken including reduced labour costs through furlough scheme and redundancies, local council taxes were eliminated until April 2021and lower energy costs
- Sunborn London has driven sales strategy by adjusting to the lower demand but has managed ARR at YoY levels
- Performance over the course of the crisis has been over and above of industry and compset

Despite the pandemic and subsequent effects, Sunborn London showed strong performance in the last three months

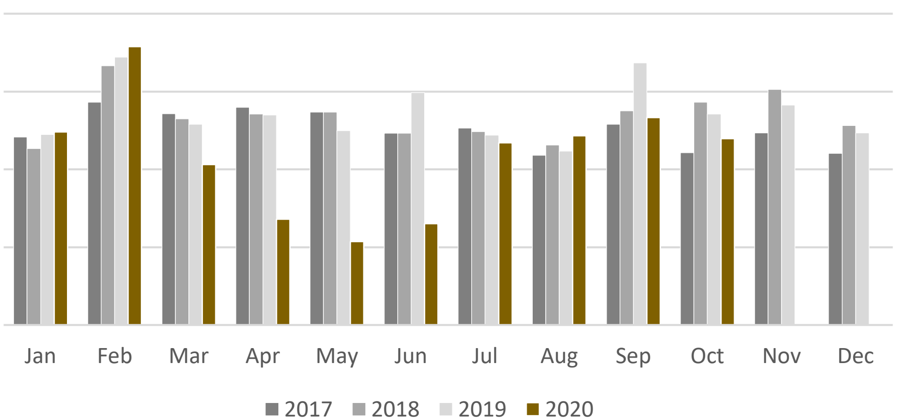
Operator monthly revenue (GBP '000s)



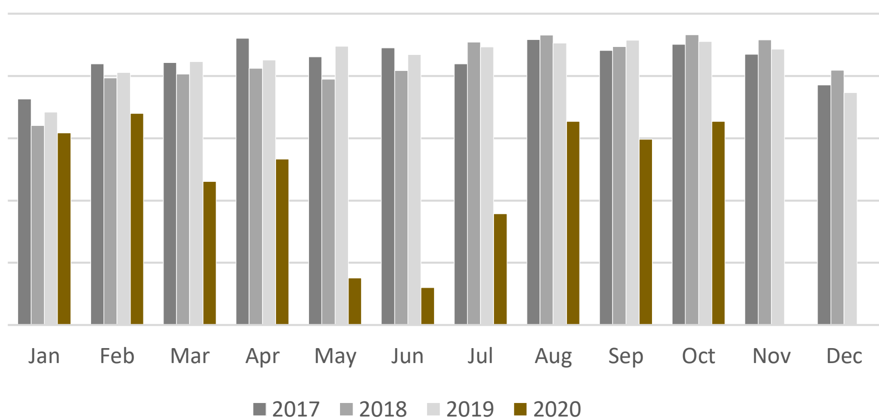
RevPAR (GBP)



Average room rate (GBP)



Occupancy rate (%)



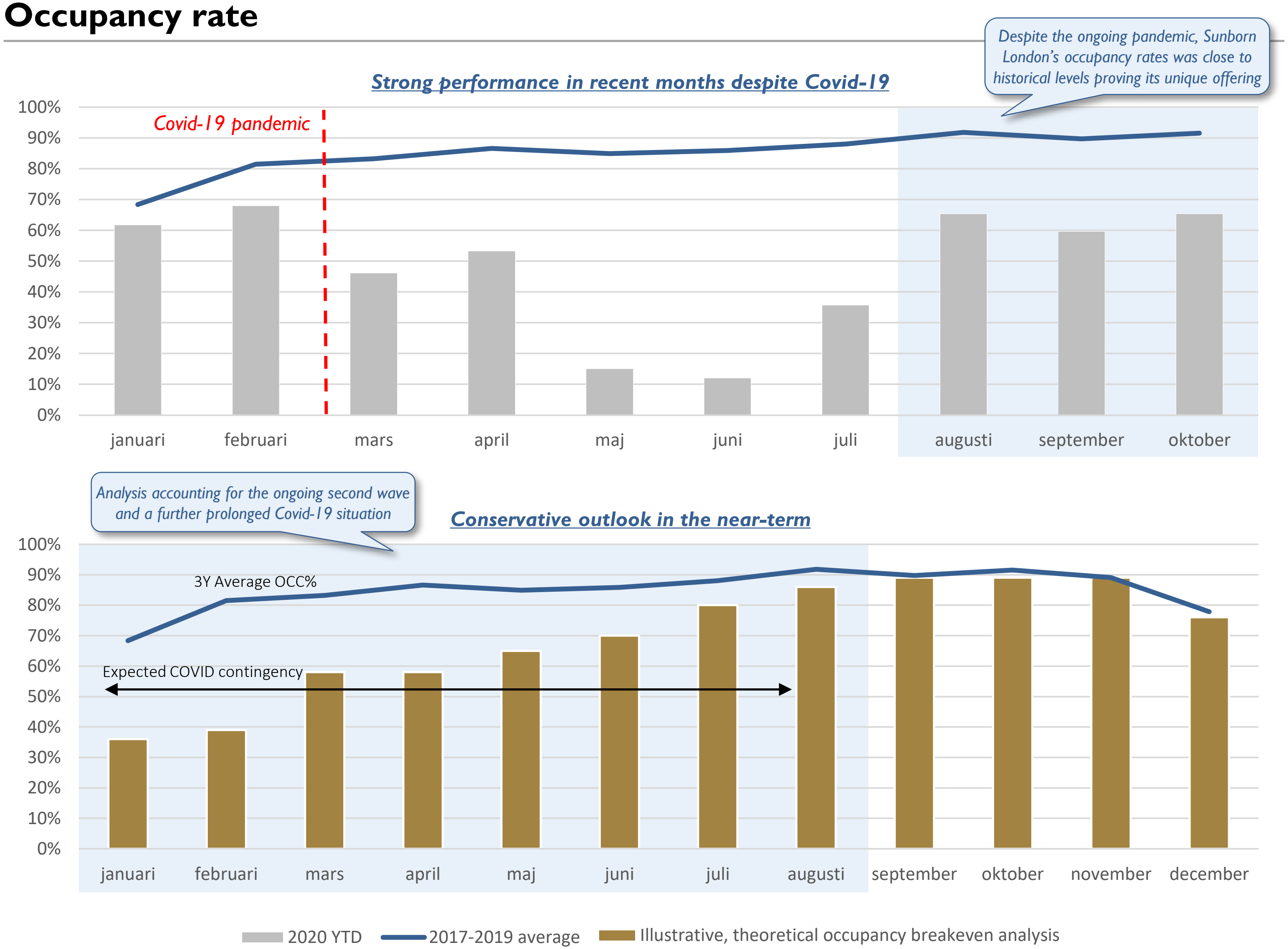
Note: All figures for 2017, 2018, 2019 and 2020 refer to the period of January to October in respective year

Illustrative, theoretical occupancy breakeven analysis

Comments

- The average occupancy rate between 2017 and 2019 have been stable at ~85% with the peak season (~90%) having occurred historically between May-November
- In order to have sufficient funds to serve the bareboat charter agreement, a yearly occupancy rate of ~65-75% is required for the Operator
- The illustrative, theoretical occupancy breakeven analysis assumes a step-up in occupancy levels at peak season compared to 2020, however at a level lower than in 2017-2019 in order to account for changed consumer behaviours
- Furthermore, with Sunborn as the operator, synergies between the London hotel and others within the Sunborn Group could enable the "breakeven" occupancy rate to be lower

Occupancy rate



Note: Breakeven occupancy rate defined as EBITDA less Bareboat Charter Agreement. Please note that this is highly indicative and only for illustrative purposes

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Effects on the bond agreement of the contemplated transaction

I

Sunborn International (UK) Ltd to replace ISS as operator in Q1 2021 with the same management team

ISS compensates by entering into an exit deal equal to ~2.5 years lease payment paid in cash and EUR ~1.0m is transferred to the new operator in value of hotel CAPEX inventory. The agreement is aimed at being signed prior to year end 2020 and is subject to bondholder's consent and bond amendment to be completed as soon as possible

II

Amortisation of the bond

Proceeds from the transaction will be used to amortize the outstanding bond with an amount of EUR 5.0m, reducing the amount from EUR 29.5m to EUR 24.5m. Remaining funds will be retained as working capital for operator and cover transaction costs. Scheduled bond instalment of EUR 368k due 26th March 2021 remains. The settlement is expected tax neutral but is under review

III

New financial covenant

Sunborn propose to introduce an Interest Coverage Ratio ("ICR") maintenance covenant. The ICR will be measured in the Issuer as EBITDA to Net Finance Charges. The covenant will be measured semi-annually. ICR is required to be equal to or more than 1.1x.

IV

Lease adjustment

Bareboat charter agreement between Sunborn International (UK) Ltd and Sunborn London Oyj remains in place, however monthly payment is adjusted to £195k (compared to the pre Covid-19 payment of £220k from ISS), compared to the present discounted fee (equal to £187k), per month due to lower bond amount after additional instalment and Covid-19 disruptions[2]

V

Maturity extension option

Sunborn seeks right to extend the bond maturity by 344 days to coincide with the maturity of the Sunborn Gibraltar Bond on 5 September 2022 to a redemption price of 108. Sunborn would have the right to call the bond on the original maturity date at Par. After the original maturity date and up until 6 months after the original maturity date, Sunborn has the right to call the bonds at 104. Should the call option not have been utilised an additional amortization of EUR 500k will be made in March 2022. Benefitting from lower LTV, credit metrics and hopefully improved credit market conditions, Sunborn plans to refinance outstanding bond with a senior secured bank loan

VI

Additional guarantee

Introduce Sunborn International Holding Oy as guarantor of the bond issue. Sunborn International Holding Oy is the owner of Sunborn's two yacht hotels, Sunborn Gibraltar and Sunborn London

VII

Unsecured governmental support to constitute permitted debt

The hotel 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

1) *GBP/EUR 1.12*
2) *ISS and Sunborn International (UK) Ltd have currently agreed on a temporary 15% discount of the lease fee starting 1 July 2020 for an initial period of 12 months onwards*

Pro forma financial effects of the contemplated transaction

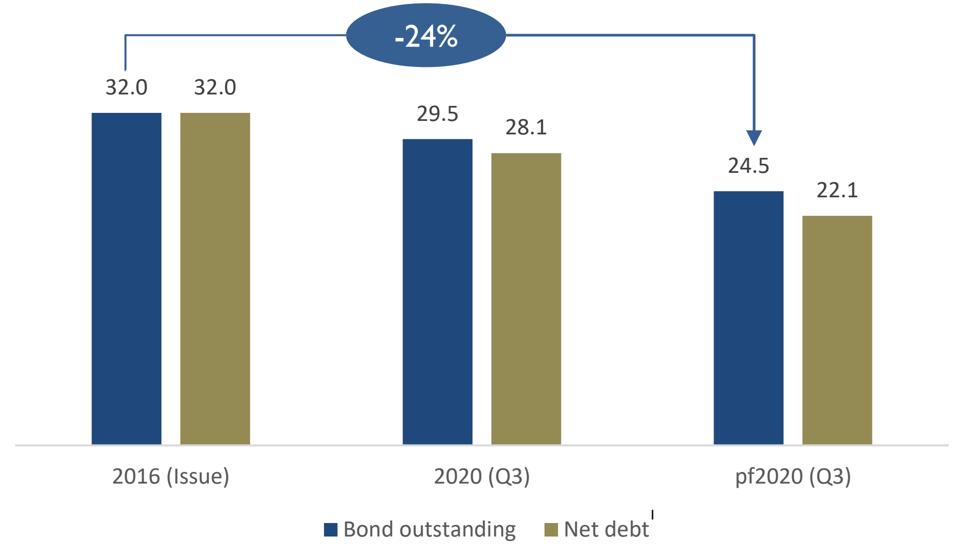
Sources & Uses of the transaction

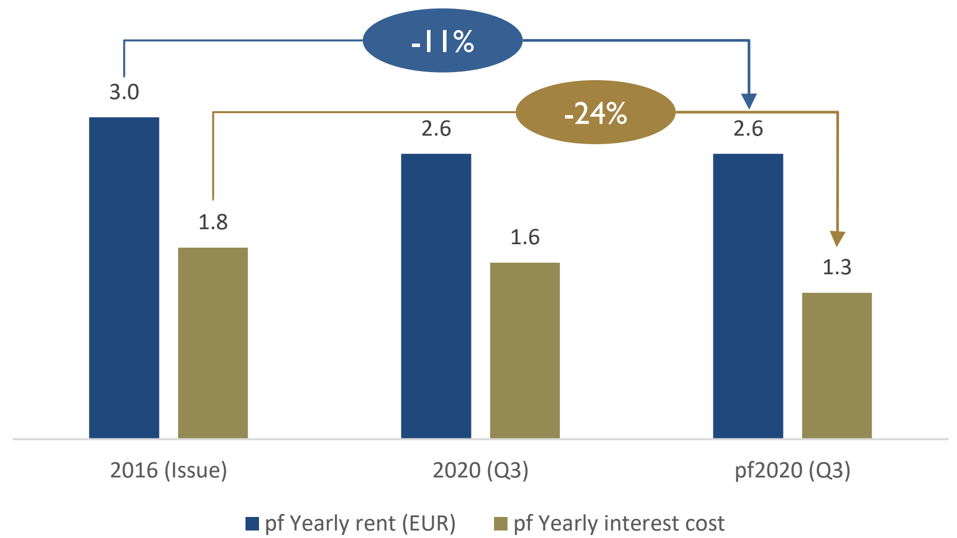
Sources	EURm
ISS contract settlement fee	~7.0
Transfer of assets (OpEx and others)	~1.0
Total Sources	**~8.0**

Uses	EURm
Bond amortisation	5.0
Assets transferred to Operator Balance Sheet	1.0
Cash / WC in Operator	1.6
Transaction costs	0.4
Total Uses	**8.0**

- The negotiated agreement with ISS has resulted in monetary compensation in the form of cash and transfers of prepaid assets. The cash payment will be received upfront. The asset transfer from ISS to Sunborn International (UK) Ltd, the new Operator, is in the form of equipment and OpEx
  - The compensation could in parts be subject to corporate tax, but tax losses in other subsidiaries could offset the effect, hence the tax effect following the transaction is subject to further due diligence
- The bondholders in Sunborn London will receive a one-off amortisation of EUR 5 million, paid pro rata at 100% of par. The scheduled amortisation for 2021 remains unchanged
- The remaining cash from the transaction will be held as cash in the Operator to handle working capital needs and serve as a buffer to handle e.g. a prolonged pandemic situation
- The one-off amortisation of the bond means that Sunborn has amortised > EUR 7.5m since issuance, i.e. ~24% of the total amount raised in 2016. The yearly interest cost will have been reduced in the same proportion

Pro forma financial effects of the transaction





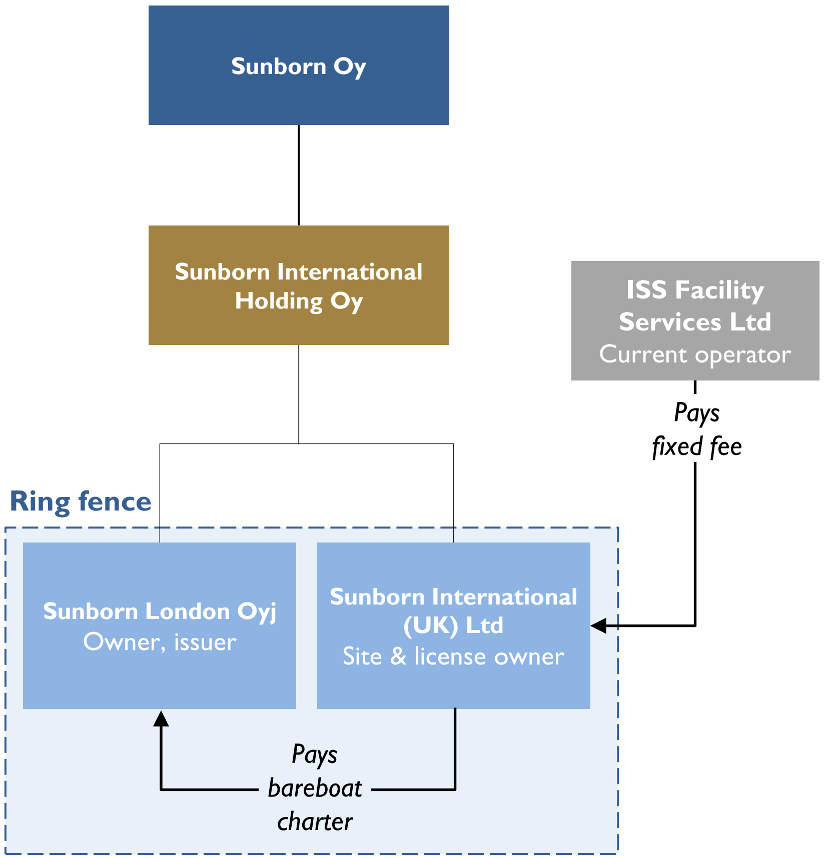
Note: GBP/EUR 1.12. 1) Net debt including cash position in Issuer and Operator

Corporate structure unchanged after the contemplated transaction

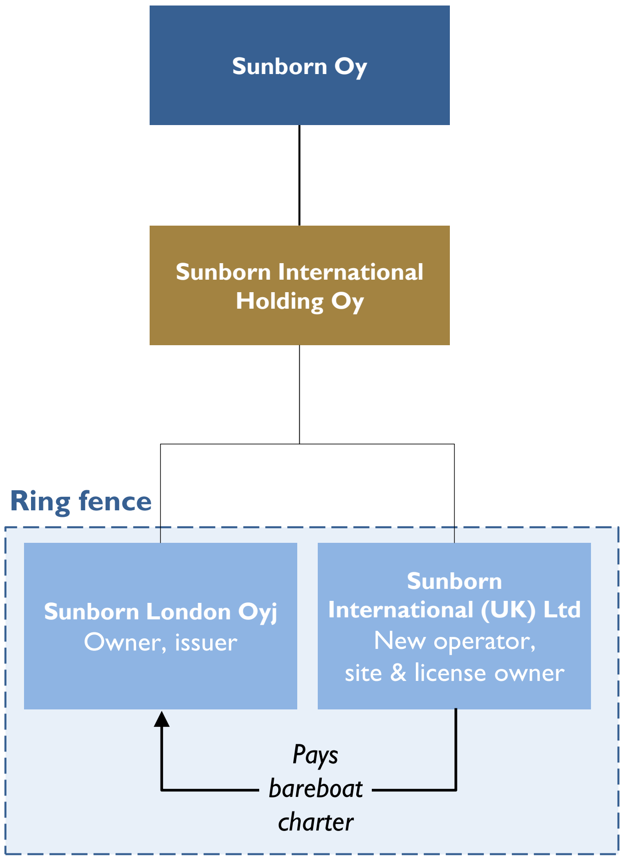
Comments

- Following the contemplated transaction whereby Sunborn International (UK) Ltd takes over the hotel operation, the corporate structure remains the same
- The new Operator Sunborn International (UK) Ltd will continue to pay the bareboat charter lease fee to Sunborn London
- ISS fixed fee to the Operator will cease after the agreement
- The Operator will take over the management team and staff from ISS
- Bondholders security remain unchanged
  - Share pledge over the Issuer and Operator
  - Parent receivable

Current structure



Proposed structure



With two decades of experience in operating yacht hotels, Sunborn will be instrumental in developing the London hotel further

1998
Sunborn I is built as the first yacht hotel in the world

2003
Sunborn I departs to London and Sunborn Princess is built and opens in Finland

2013
Upgrading works carried out on Sunborn Princess in end of 2013 consisting of a new exterior profile and first hard soft refit

2014
Sunborn Princess reopened as Sunborn Yacht Hotel London in June 2014 in the western end of the Royal Victoria Dock

2020
Sunborn Yacht Hotel Group is formed to accelerate the growth of the yacht hotel operations

2004
Construction of a second vessel completed at the Kvaerner, Rostock shipyard. The yacht was named Sunborn Princess

2006
Contract and partnership agreement signed with ISS Group regarding operations of the London Hotel which opened 2003

2008
Sunborn Naantali I sold to a company for operations in Africa. Value of deal 35% over construction cost

2014
Sunborn Gibraltar launched in May 2014 at Gibraltar Marina. The largest and most luxurious yacht built by Sunborn

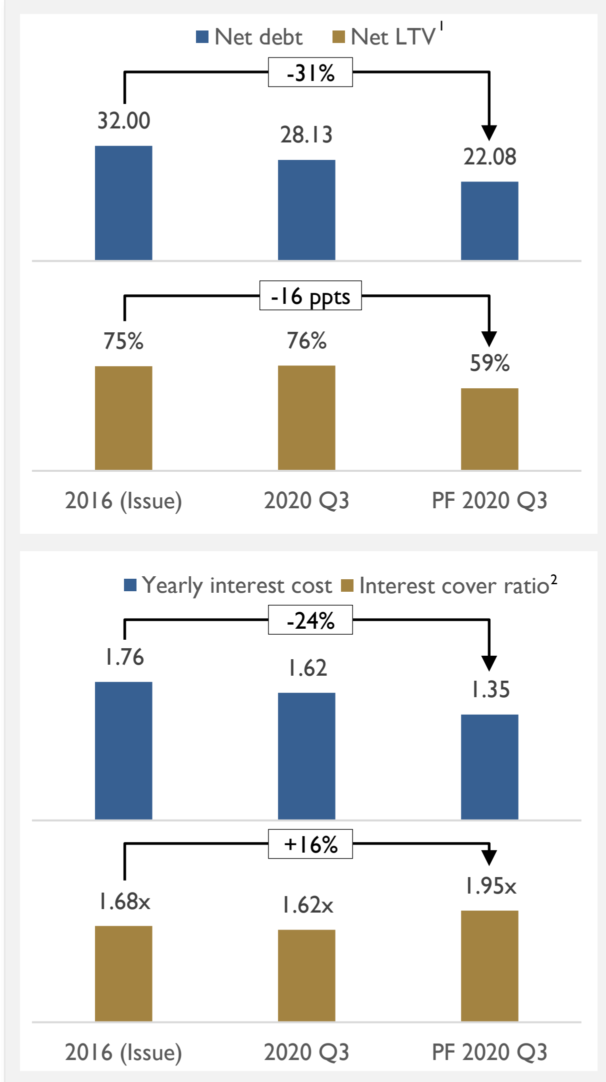
2016
Sunborn London issued a Senior Secured Bond of EUR 32m

2017
Sunborn Gibraltar issued a Senior Secured Bond of EUR 58m

Key credit highlights

1. Well-performing asset proven by its top ratings at Booking.com, Expedia and Hotels.com as well as its strong key performance indicators
2. Proceeds from ISS' offer will be used towards amortizing current bond and serving as a working capital buffer during the pandemic
3. Identified synergies between Sunborn London and the other hotel operations of Sunborn could drive customers and lower operating expenses
4. Customer sentiment and outlook has improved following the recent positive vaccine news and the hotel has already received pre-bookings for 2021
5. Highly experienced management team backed by seasoned long-term family owners will continue to develop Sunborn London further

Impact from the contemplated amendment on key credit metrics



1) Net LTV including cash position of Issuer and Operator
2) Defined as Bareboat Charter Fee to Bond Interest Cost

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Risk factors (I/IX)

*These risk factors have been prepared in connection with the contemplated written procedure for certain proposed amendments and waivers (the "**Amendment Proposal**") of the terms and conditions (the "**Terms and Conditions**") for the FRN senior secured bonds with ISIN NO 001 077514.1 (the "**Bonds**") issued by Sunborn London Oyj (the "**Issuer**"). A number of risk factors and uncertainties may adversely affect the Issuer and/or Sunborn International (UK) Ltd (the "**New Operator**") (the Issuer and the New Operator are jointly referred to as the "**Companies**"), as well as the Sunborn London Yacht Hotel (the "**Hotel**") to be operated by the New Operator after closing of the contemplated transaction between the New Operator and ISS Facility Services Ltd. ("**ISS**"). If any of these risks or uncertainties materialize, the business, operating results and financial position of the Companies could be materially and adversely affected, which could have a material adverse effect on the Companies' ability to meet their respective obligations (including payment of interest and repayment of principal) under the Terms and Conditions and the guarantee granted by the Issuer and the New Operator for the obligations of the Issuer under the Terms and Conditions and related finance documents.*

*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 Amendment Proposal. The statements in these risk factors are made as at 8 December 2020. All references to the "**Sunborn Group**" refer to the Issuer, the New Operator, Sunborn International Holding Oy and Sunborn Oy on a consolidated basis.*

Risks related to the Amendment Proposal

Increased credit risk as a consequence of passing of the Amendment Proposal

The Amendment 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 Amendment Proposal and whether or not they participated in the written procedure. If the Amendment Proposal is accepted, the Terms and Conditions will be amended and waived in accordance with the Amendment Proposal which will mean that, among other things, the New Operator assumes the operational responsibility for the Hotel, the Bonds are partially amortized, an interest coverage ratio maintenance covenant for the New Operator is introduced, monthly lease payments are adjusted, and a maturity extension option is introduced. The acceptance of the Amendment Proposal may therefore result in an increased credit risk for the bondholders in the form of increased risk of default and loss in case of default.

Probability: Low
Impact: Medium

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

As the Amendment Proposal, if accepted, may 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 Amendment Proposal.

Probability: Medium
Impact: Low

Risk factors (II/IX)

Risks related to the Companies and the market conditions

The Coronavirus disease 2019 (COVID-19) outbreak may have a negative impact on the Companies and their ability to fulfil their respective obligations under the Bonds

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 England. 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 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.

Due to the COVID-19 outbreak, the New Operator's income is currently reduced by approximately 15% as a result of a lease discount agreed with ISS. As a response to the COVID-19 outbreak, the English government has inter alia, imposed restrictions on public meetings and gatherings to a maximum of 2 individuals and restricted travels to and from England. Given the rapid and evolving nature of the COVID-19 outbreak it is impossible to determine its ultimate impact on the Issuer and New Operator, but the types of measures taken by the English 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 will likely continue to have, a material adverse effect on the Companies' business, earning and financial position.

The Issuer and the New Operator may further be negatively impacted by long-term changes to travel patterns caused by fear of exposure to or actual effects of a disease outbreak, epidemic, pandemic, or similar widespread public health concern triggered by the COVID-19 pandemic. A negative development with regards to any of the aforementioned factors could have a direct or indirect adverse effect on the Companies' business operations, financial condition and results of operations, and thereby, on the Companies' ability to fulfil their respective obligations under the Bonds as well as the market price and value of the Bonds.

Probability: High

Impact: High

The New Operator may fail to run the Hotel in a requisite and efficient manner

The New Operator will replace ISS as operator of the Hotel in Q1 2021. As the New Operator has not previously operated the Hotel, the New Operator may fail to run the Hotel in a requisite and efficient manner. There is a risk that the Issuer and the New Operator will incur losses due to, for instance, deficient procedures, failure to increase and improve the functionality and quality of the hotel services, failure to extend existing agreements on favourable conditions, failure to remain competitive or launch new hotel services and to successfully introduce cost reduction measures. Quality problems, interruptions in the operations and delays in the introduction of new services, could have an adverse effect on the Companies' operations, financial condition and results of operations, and thereby, on the Companies' ability to fulfil their respective obligations under the Bonds as well as the market price and value of the Bonds.

Probability: Low

Impact: Medium

Risk factors (III/IX)

Failure of performance of the New Operator may render the Issuer unable to meet its Bond payment obligations

Under the Hotel's lease agreement, the New Operator makes fixed monthly rent payments to the Issuer. These payments are the Issuer's sole source of income. In the event that, for whatever reason, the New Operator is unable to make a portion or the entirety of its fixed monthly rent payment, this 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, as well as the market price and value of the Bonds.

Probability: Low
Impact: Medium

The hospitality industry is subject to certain global macroeconomic factors and other factors beyond the Companies' control

The Hotel is located in London, England. However, the guests are global and, consequently, the Issuer and the New Operator are subject to a number of global macroeconomic factors and other factors that could adversely affect the Issuer's and the New Operator's business, many of which are common to the hospitality industry and beyond the Issuer's and the New Operator'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 Companies' business operations, financial condition and results of operations, and thereby, on the Companies' ability to fulfil their respective obligations under the Bonds as well as the market price and value of the Bonds.

Probability: Medium
Impact: Low

Credit risk in relation to the New Operator

The Issuer is the owner of the Hotel, which is subject to a lease agreement by and between the Issuer and the New Operator. Under the lease agreement, the New Operator makes rental payments to the Issuer. The payments under the lease agreement constitute most of the Issuer's income. The dependency on the payments from the New Operator creates a credit risk concentration in relation to the New Operator. The credit risk has substantially increased as a result of the New Operator's deteriorating financial condition due to the COVID-19 pandemic. The credit risk is managed by continuously monitoring the performance and the financial position of the New Operator, which has not been assigned credit ratings by any rating agency. If any of the abovementioned risks would materialize, it could have a material adverse effect on the Issuer's business operations, financial condition and results of operations, and thereby, on the Issuer's ability to fulfil its obligations under the Bonds as well as the market price and value of the Bonds.

Probability: Low
Impact: Medium

Risk factors (IV/IX)

Risks relating to the transaction with ISS

As part of the contemplated transaction with ISS, operations that are currently carried out by ISS will be separated from ISS and transferred to the New Operator. There is a risk that such operations cannot be integrated successfully into the New Operator's operations and may not achieve the desired synergies. Further, there may be legal or tax risks in connection with the contemplated transaction which the Companies' may oversee or fail to successfully mitigate, which could have a material adverse effect on the Companies' business operations, financial condition and results of operations, and thereby, on the Companies' ability to fulfil their respective obligations under the Bonds as well as the market price and value of the Bonds.

Probability: Low

Impact: Low

Dependency on the contracts with Royal Dock Management Authority Limited and London International Exhibition Centre Plc

The Issuer and the New Operator is dependent on its right to berth and operate the Hotel at its current location in the Dockland area of London, England. The New Operator's contract with Royal Dock Management Authority Limited regarding mooring of the vessel is on a five years term, which is the longest tenor allowed to grant by the authority, currently expiring in 2025, subject to yearly extensions to maintain a five-year tail. Although there can be no guarantee that such extensions will continue to take place, the mooring agreement has been successfully renewed on same principles since 2003. Furthermore, the New Operator's contract with London International Exhibition Centre Plc regarding location and operation of the vessel is currently terminating in 2024, unless extended.

There can be no guarantee that the abovementioned agreements will be extended. If the agreements were to expire or to terminate, due to either party's breach of its contractual obligations under the relevant agreements, changes to laws or regulations, actions by authorities or any other reason, this could lead to interruptions in the business of the Issuer and the New Operator. For example, if the Issuer and the New Operator are not able to find an alternative location for the vessel in London, England, the Issuer and the New Operator may be forced to cease its operations. Any such development could have an adverse effect on the Companies' business operations, financial condition and results of operations, and thereby, on the Companies' ability to fulfil their respective obligations under the Bonds as well as the market price and value of the Bonds.

Probability: Low

Impact: Medium

The Issuer is dependent on the Sunborn Group and is subject to its financial strength

All of the Issuer's operations and revenues arise from agreements, such as lease agreement and intra-group services agreement, between the Issuer and Sunborn Group entities. Accordingly, the Issuer is dependent upon receipt of sufficient income and services related to the operation of and common ownership by the Niemi Family of the Sunborn Group to enable the Issuer to make payments under the Bonds. For example, the Sunborn Group business relies on its well-known and established brands to retain and attract customers and employees, and is thus, sensitive to factors that can harm its reputation. The brands can be harmed by a number of factors, including, but not limited to, the occurrence of accidents and injuries, natural disasters, epidemics, pandemics, crimes, or similar events that could lead to loss of confidence in Sunborn Group's business. There is a risk that negative publicity or announcements relating to the Sunborn Group's and its business or business area may, whether or not justifiable, impair the value of their brands.

Risk factors (V/IX)

The Issuer is dependent on the Sunborn Group and is subject to its financial strength (cont'd)

The Sunborn Group companies are legally separate and distinct from the Issuer and have certain obligations to pay amounts due with respect to the Issuer's obligations and commitments, including the Bonds, or to make funds available for such payments. Furthermore, under the terms and conditions of the Bonds, the Issuer and the New Operator cannot sell, transfer or otherwise dispose of all or a substantial part of its assets without setting off a mandatory prepayment event. The ability of the Sunborn Group to make such payments, however, to the Issuer is subject to, among other things, the availability of funds from Sunborn Group's other business operations. Should the Issuer not receive sufficient income or services from Sunborn Group, the investor's ability to receive payment under the Terms and Conditions of the Bonds may be adversely affected.

Probability: Low

Impact: Medium

Insufficient insurance coverage may adversely affect the Issuer's and the New Operator's financial position

The Issuer and the New Operator may incur costs due to inadequate insurance cover for, inter alia, property, business interruption, liability, life and pensions. There is a risk that the Issuer and the New Operator fail to maintain adequate insurance coverage on acceptable terms, or at all. Furthermore, the insurance coverage maintained by the Issuer and the New Operator may prove to be insufficient. If the level of insurance coverage is not sufficient to cover for potential claims or losses, this could have a negative impact on the Companies' business operations, financial condition and results of operations, and thereby, on the Companies' ability to fulfil their respective obligations under the Bonds as well as the market price and value of the Bonds.

Probability: Low

Impact: Low

Technical and political risks related to the nature of property ownership may lower the Hotel value

Property investments and property management entail inherent technical risks related to the operations of the property, including, but not limited to, construction issues, hidden defects, damage (including through fire or other natural disasters) and pollution. These types of technical problems could result in significant unforeseen costs relating to the Hotel. Shift in political powers and/or local opinion may affect the Issuer's ability to exploit the Hotel. Should the Issuer encounter any technical or political issues in relation to the Hotel in the future, this could substantially increase the costs and/or decrease the value relating to such property, which could have a negative effect on the Issuer's business operations, financial condition and results of operations, and thereby, on the Issuer's ability to fulfil its obligations under the Bonds as well as the market price and value of the Bonds.

Probability: Low

Impact: Low

Fair market value of the Hotel may fluctuate

The Hotel is classified as investment property in the Issuer's financial statements. The fair market value of the Hotel was approximately EUR 38 million as of 31 December 2019. Investment property is carried at fair market value in the Issuer's financial statements. Third parties perform valuation reports as of the financial reporting date, which reports form the basis for the carrying amounts in the financial statements. The fair market value of investment property is measured under income approach and reflects, among other things, rental income from current leases and other assumptions market participants would make when pricing the property under current market conditions. Changes in the fair market value of the investment properties impact the Issuer's statement of comprehensive income and statement of financial position, but they do not have a direct effect on the cash flow statement. Significant fair market value losses of the investment properties due to changes in market conditions or in the underlying assumptions and estimates could have a material adverse effect on the Issuer's business operations, financial condition and results of operations, and thereby, on the Issuer's ability to fulfil its obligations under the Bonds as well as the market price and value of the Bonds.

Probability: Low

Impact: Low

Risks relating to the Issuer's and the New Operator's IT-systems and processing of personal data under the GDPR may subject the Companies to additional costs and liabilities

The Issuer and the New Operator is dependent on having functioning IT-systems to conduct its operations. The Issuer and the New Operator collects large volumes of customer data, including credit card numbers and other personal data. There is a risk that interference or delays as a result of, inter alia, cyber-attacks can result in loss of valuable information, leakage of personal data or other valuable and sensitive information. Such incidents could also cause business interruption. The New Operator and the Issuer collect and retain 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 respective ultimate parent company of the Issuer and the New Operator 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 Issuer and the New Operator. The Issuer and the New Operator have involved external consultants to implement procedures and policies in accordance with the GDPR. However, there is a risk that the Issuer and the New Operator may not be 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 Companies' business operations, financial condition and results of operations, and thereby, on the Companies' ability to fulfil their respective obligations under the Bonds as well as the market price and value of the Bonds.

Probability: Low

Impact: Low

Geographic concentration

The Companies have their operations in London, England. The Companies are therefore highly dependent on the development of, and would be affected to a greater extent by changes affecting, tourism and local business in London, England. A negative development in the Dockland area of London may have an adverse effect on the Companies' business operations, financial condition and results of operations, and thereby, on the Companies' ability to fulfil their respective obligations under the Bonds as well as the market price and value of the Bonds.

Probability: Low

Impact: Low

General market and political conditions and economic fluctuations may have a negative impact on the Companies and their respective ability to repay the Bonds

Economic slowdown or recessions, regardless of their depth, or any other negative developments, such as adverse political conditions, including but not limited to changes in laws concerning the operations of the Companies, changes in perceptions of foreign guests due to terrorism or environmental damage and the Companies' ability to exploit land leased from the municipalities, may affect the Issuer's business in a number of ways, including its income, wealth, liquidity, business and/or financial condition, which in turn largely depend on matters outside the Issuer's scope of influence. During the past years, uncertainty about the economic development and instability in financial markets has influenced the operating conditions of the English market. Changes in general economic conditions may have an impact both on the demand of hotel properties in England and on the Issuer's and the New Operator's domestic and international customers' ability to pay the value of the services provided in the Hotel. For example, reduced domestic or international disposable income, weakened currency exchange ratios and increased costs or processing time of visa or other travel documentation may reduce the number of guests at the Hotel.

If general market or political conditions would deteriorate, the New Operator's ability to make lease payments to the Issuer and the value of the Hotel could decrease. Realisation of any of the aforementioned risks or any other significant macroeconomic or political changes may have a material adverse effect on the Companies' business operations, financial condition and results of operations, and thereby, on the Companies' ability to fulfil their respective obligations under the Bonds as well as the market price and value of the Bonds.

Probability: Medium
Impact: Low

The Issuer and the New Operator operate in the hospitality industry, which is subject to a high degree of competition, seasonal fluctuations and replacement of services with technological advances beyond their control that could have an indirect material adverse effect on the Issuer's and the New Operator's business

The Issuer owns the Hotel, which both includes hotel rooms, spa, restaurants, bars and conference spaces. The Issuer has entered into a lease agreement with the New Operator. Furthermore, the New Operator will replace ISS of the Hotel in Q1 2021.

The Issuer and the New Operator operate in the hospitality industry, which is subject to a high degree of competition, seasonal fluctuations and replacement of services with technological advances beyond their control that could have an indirect material adverse effect on the Issuer's and the New Operator's business (cont'd)

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 Issuer's and the New Operator'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. Also, the inability of the New Operator to adapt to new trends and developments in the tourism industry or to meet expectations of the guests will have an adverse effect on the Companies.

Hence, development of the abovementioned factors related to the hospitality industry could have an indirect material adverse effect on the Companies' business operations, financial condition and results of operations, and thereby, on the Companies' ability to fulfil their respective obligations under the Bonds as well as the market price and value of the Bonds.

Probability: Low
Impact: Low

The Issuer and the New Operator are exposed to environmental liabilities that may adversely affect the Issuer's and the New Operator's financial position

In the event that the Issuer or the New Operator, by accident or any other reason, should pollute the marina waters with, for example, contaminated bilge water or refuse from the Hotel this could lead to legal actions being initiated against the Issuer or the New Operator, and potentially affecting the right of the Hotel to berth and operate in the Dockland area of London, England. Should pollution of the marina water occur, this could have an adverse effect on the Companies' business operations, financial condition and results of operations, and thereby, on the Companies' ability to fulfil their respective obligations under the Bonds as well as the market price and value of the Bonds.

Probability: Low

Impact: Low

Failure of the Issuer and the New Operator to continuously maintain and improve the Hotel may affect the profitability of the hotel business

In order to stay competitive, the Companies need to continuously maintain and improve the Hotel. Refurbishment may entail risks relating to procurement of building permits and other necessary authority approvals, procurement of construction and supplier contracts, and timely completion of construction. Such refurbishments could be delayed or aborted for various reasons, including inability to secure financing. Should the Issuer and New Operator be unable to fund the capital expenditure program or should such investments be delayed, require significantly more costs than expected or prove to be commercially unsuccessful, it could decrease the demand for the hotel services and decrease the New Operator's (and in turn, the Issuer's) income. Consequently, this could have an adverse effect on the Companies' business operations, financial condition and results of operations, and thereby, on the Companies' ability to fulfil their respective obligations under the Bonds as well as the market price and value of the Bonds.

Probability: Low

Impact: Low

Governmental, legal and arbitration proceedings can have a material adverse effect on the Issuer and the New Operator

Neither the Issuer nor the New 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 New Operator are aware), which may have, or may have had in the recent past, significant effects on the Issuer's or the New Operator's business operations and/or their financial position or profitability. However, the Companies are exposed to different types of legal risks in its business. And therefore, it is possible that the Issuer or the New 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 a material adverse effect on the Companies' business operations, financial condition and results of operations, and thereby, on the Companies' ability to fulfil their respective obligations under the Bonds as well as the market price and value of the Bonds.

Probability: Low

Impact: Low

Risk factors (IX/IX)

Risks relating to the New Operator’s employees may increase the New Operator’s costs of managing the Hotel

The New Operator’s future development depends largely on the skills, experience and commitment of its current and future employees. Therefore, it is important for the New Operator’s business activities and development that the New Operator is able to retain and, where necessary, also recruit competent employees. Furthermore, changes in labour law regulations may result in increased rights for the employees, such as higher salary and pension. Other increased costs due to potential change of labour law include increased costs for compliance with regulation in respect of work environment and safety standards. Should any of the above described risks materialise, it may have a material negative impact on the Companies’ business operations, financial condition and results of operations, and thereby, on the Companies’ ability to fulfil their respective obligations under the Bonds as well as the market price and value of the Bonds.

Probability: Low

Impact: Low

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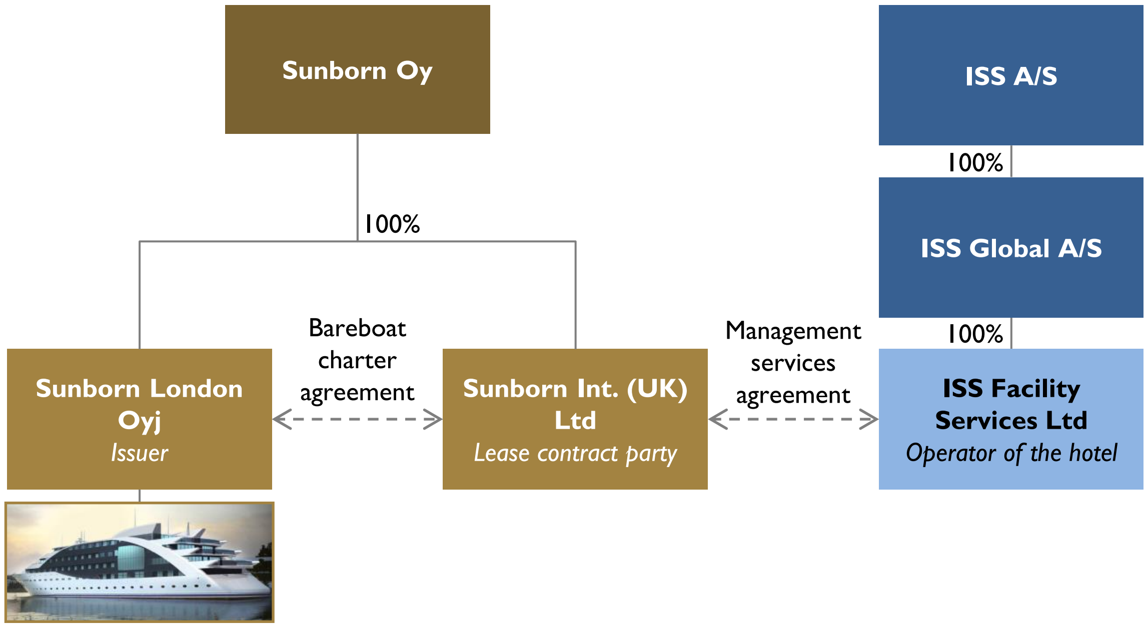
Original key terms and conditions

Issuer:	Sunborn London Oyj
Guarantor:	Sunborn International (UK) Ltd
Bond size:	Up to EUR 32 million
Coupon:	3 months EURIBOR + 5.50% p.a., quarterly interest payments. EURIBOR floor at 0%
Tenor:	5 years
Use of proceeds:	Repay existing debt of approximately EUR 23.6 million, repaying approximately EUR 6.5 million in connection with a loan to the Parent and General Corporate Purposes
Amortization:	1.75%, 1.90%, 2.10%, 2.20% and 1.15% of initial loan amount after 1, 2, 3, 4 and 4.5 years respectively (equaling approx. 50% of free cash flow). Remaining amount at maturity
Call options:	No call
Security:	Vessel mortgage, share pledge, assignment over internal loan provided to the parent Sunborn International Holding Oy, assignment of earnings, security over the ISS management services agreement, security over the internal Bareboat Agreement, account pledge, floating charge, etc.
General undertakings:	None of the Obligors to incur any other debt, to provide any financial assistance, negative pledge, no other activity than related to the barge and the ISS management service agreement, as well as other standard covenants
Financial covenants:	Asset coverage ratio of 120%
Dividends:	Subject to waterfall principles of the Issuer
Listing:	Nasdaq Helsinki
Trustee:	Nordic Trustee ASA
Governing law:	Norwegian Law for bond agreement, English and Finnish law for various other documents

Original transaction structure overview

Simplified legal structure



Comments to transaction structure

- Originally 10 years management service contract with ISS Facility Services Ltd, a 100% owned subsidiary of ISS A/S
- Sunborn International (UK) Ltd is the lessor under the management service contract while ISS Facility Services Ltd is the lessee
- There is an internal bareboat agreement between the Issuer and Sunborn International (UK) Ltd
- The new bond replaced the existing bridge loan to capitalize on the ISS contract which original term was extended by five years in 2016
- The distribution was paid to the parent and used to repay existing debt

1) Exact amount will depend on GBP/EUR exchange rate
2) Estimates
Note: Please note that this is per the original transaction structure

Income statement – Sunborn London Oyj

EUR '000s	2016	2017	2018	2019	H1 2020
Rental income from group companies	3,132	2,941	2,913	2,945	1,467
Other operating income	132	128	128	128	64
Depreciation	-1,505	-1,505	-1,505	-1,505	-752
Other income expenses	-261	-312	-212	-232	-141
Operating profit	**1,499**	**1,253**	**1,324**	**1,336**	**638**
Finance income	414	1,559	1,559	1,662	779
Finance costs	-944	-2,113	-2,029	-1,905	-1,235
Finance income and costs, net	-530	-554	-470	-243	-456
Profit before taxes	**969**	**698**	**854**	**1,093**	**182**
Income tax expense	-150	-450	0	0	-103
Change in deferred tax	-44	310	-101	-219	66
Profit for the period	**775**	**559**	**753**	**874**	**145**

Balance sheet - Sunborn London Oyj

EUR '000s	2015	2016	2017	2018	2019	Q2 2020
Investment property	43,927	42,422	40,917	39,412	37,907	37,155
Receivables from group companies	-	26,014	25,418	24,745	24,162	25,071
Cash collateral	-	880	880	880	880	880
Total non-current assets	**43,927**	**69,316**	**67,215**	**65,037**	**62,949**	**63,106**
Trade receivables from group companies	1,170	3,551	3,428	3,123	3,288	3,201
Trade and other receivables	35	55	7	14	10	16
Cash and cash equivalents	3	45	229	419	348	486
Total current assets	**1,207**	**3,651**	**3,663**	**3,556**	**3,646**	**3,703**
TOTAL ASSETS	**45,134**	**72,967**	**70,878**	**68,593**	**66,595**	**66,809**
Invested equity	36,006	-	-	-	-	-
Share capital	-	3	80	80	80	80
Reserve capital for invested unrestricted equity	-	600	600	600	600	600
Retained earnings	-	31,992	30,751	29,574	28,448	28,594
Total equity	**36,006**	**32,594**	**31,431**	**30,254**	**29,128**	**29,274**
Borrowings	-	30,546	30,114	29,625	29,110	29,207
Deferred income	1,027	899	770	642	385	385
Deferred income tax liabilities	8,019	8,063	7,752	7,371	7,090	7,024
Total non-current liabilities	**9,046**	**39,508**	**38,637**	**37,638**	**36,585**	**36,616**
Trade and other payables	81	117	0	0	2	8
Payables to group companies	-	161	149	5	24	22
Borrowings	-	560	608	672	704	704
Deferred income	-	-	-	-	128	64
Accrued expenses	-	27	53	24	23	121
Total current liabilities	**81**	**865**	**811**	**701**	**881**	**919**
Total liabilities	**9,128**	**40,373**	**39,448**	**38,339**	**37,466**	**37,535**
TOTAL EQUITY AND LIABILITIES	**45,134**	**72,967**	**70,878**	**68,593**	**66,595**	**66,809**

Cash flow statement - Sunborn London Oyj

EUR '000s	2015	2016	2017	2018	2019	H1 2020
Profit before tax	1,902	969	698	854	1,093	182
Adjustment for amortisation of deferred income	-131	-132	-128	-128	-128	-64
Adjustment for depreciation	1,505	1,505	1,505	1,505	1,505	752
Adjustment for finance income and costs, net	2	530	554	470	243	456
Change in trade and other receivables	-1,173	-2,685	71	298	-161	81
Change in trade and other payables	-418	147	-171	-173	20	4
Net cash flows from operating activities	**1,686**	**334**	**2,529**	**2,825**	**2,571**	**1,412**
Capital expenditures	-432	-	-	-	-	-
Loans given to related party	-	-25,671	-	-180	-	-
Interest received	-	2	-	-	-	-
Net cash flows from investing activities	**-432**	**-25,669**	**0**	**-180**	**0**	**0**
Repayment of borrowings	-	32,000	-560	-608	-672	-
Repayment of borrowings from parent company	-	-4,390	-40	-	-357	-130
Cash deposit on escrow account	-	-880	-	-	-	-
Contribution from/to Sunborn International Oy	-1,251	67	36	-	-	-
Payment of the share capital	-	3	-	-	-	-
Transaction / loan agent costs	-	-933	-6	-5	-6	-2
Interest and finance costs paid	-2	-488	-1,777	-1,745	-1,710	-852
Net cash flows from financing activities	**-1,253**	**25,380**	**-2,346**	**-2,358**	**-2,746**	**-985**
Cash and cash equivalents at the beginning of period	1	3	45	228	419	348
Effects of exchange rate changes on cash and cash equivalents	-	-2	0	-97	103	-288
Change in cash and cash equivalents	**2**	**42**	**183**	**190**	**-71**	**138**
Cash and cash equivalents at the end of period	**2**	**45**	**228**	**419**	**348**	**486**

Condensed income statement - Sunborn International (UK) Ltd

GBP '000s	2017	2018	2019	H1 2020
Revenue	2,640	2,640	1,276	605
Cost of sales	(2,580)	(2,580)	-	-
Depreciation	-	-	(229)	(115)
Administrative expenses	(143)	(147)	(65)	(23)
Operating profit	**(83)**	**(87)**	**982**	**467**
Finance costs	-	-	(1,165)	(548)
Profit before taxes	**(83)**	**(87)**	**(183)**	**(81)**
Income tax expense	-	-	-	-
Change in deferred tax	-	-	9	4
Profit for the period	**(83)**	**(87)**	**(174)**	**(77)**

Balance sheet - Sunborn International (UK) Ltd

GBP '000s	2017	2018	2019	Q2 2020
Property, plant and equipment	920	788	657	591
Right-of-use assets	-	-	463	414
Lease receivable	-	-	17,345	16,315
Total non-current assets	**920**	**788**	**18,474**	**17,320**
Amount due from group companies	-	-	1,127	1,126
Trade and other receivables	1,309	1,160	33	35
Lease receivable	-	-	1,568	1,834
Cash and cash equivalents	39	9	8	136
Total current assets	**1,349**	**1,169**	**2,736**	**3,131**
TOTAL ASSETS	**2,268**	**1,957**	**21,209**	**20,451**
Share capital	150	150	150	150
Retained earnings	(1,037)	(1,124)	(922)	(999)
Total equity	**(887)**	**(974)**	**(772)**	**(849)**
Lease liabilities to group companies	-	-	16,959	16,159
Lease liability	-	-	386	339
Total non-current liabilities	**-**	**-**	**17,345**	**16,498**
Trade and other payables	3,155	2,931	212	209
Payables to group companies	-	-	2,798	2,921
Lease liability to group companies	-	-	1,532	1,578
Lease liability	-	-	90	92
Accrued expenses	-	-	5	2
Total current liabilities	**3,155**	**2,931**	**4,637**	**4,802**
Total liabilities	**3,155**	**2,931**	**21,982**	**21,300**
TOTAL EQUITY AND LIABILITIES	**2,268**	**1,957**	**21,209**	**20,451**

Cash flow statement - Sunborn International (UK) Ltd

GBP '000s	2017	2018	2019	H1 2020
Operating (loss)/profit	(83)	(87)	(183)	(81)
Finance cost	-	-	1,165	548
Depreciation	131	131	229	115
Non-cash item – other income	-	-	(115)	(57)
(Increase)/decrease in receivables	8	(150)	-	-
(Decrease)/increase in payables	(22)	224	4	121
Interest paid in cash	-	-	(1,165)	(535)
Tax paid in cash	-	-	-	-
Net cash flows from operating activities	**(34)**	**(30)**	**(64)**	**111**
Lease receivables	-	-	1,478	772
Repayment of lease liabilities	-	-	(1,415)	(755)
Net cash flows from financing activities	**-**	**-**	**63**	**17**
Net increase in cash and cash equivalents	34	(30)	(1)	128
Cash and cash equivalents at the beginning of period	5	39	9	8
Cash and cash equivalents at the end of period	**39**	**9**	**8**	**136**

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