



SUNBORN CAPITAL MARKETS DAY 2019

17TH SEPTEMBER 2019



sunborn

Sunborn Finance Oy - Senior Secured Bond

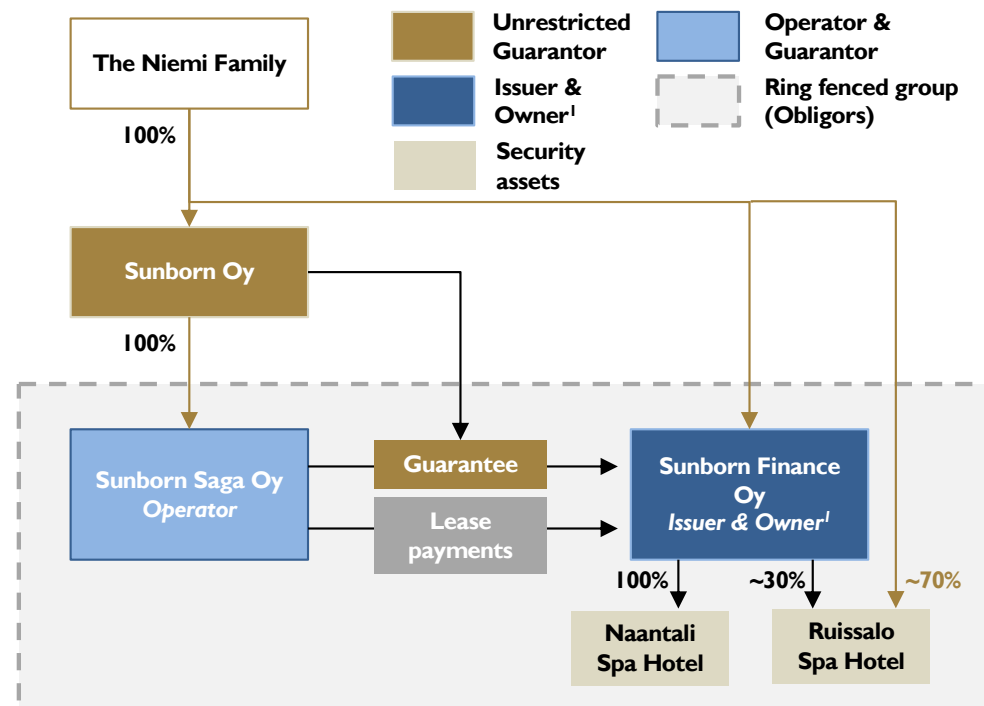
Q2 Presentation – September 2019



Summary of bond structure

- Sunborn Finance Oyj, (the “Issuer”) is a company wholly owned by the Niemi family. The Issuer is a SPV owning the Naantali Spa Hotel and part of the Ruissalo Spa Hotel¹ (the remaining part is owned by the Niemi family directly)
 - The hotels have a third party valuation of EUR 82.5m
- Sunborn Saga Oy manages the hotel operations (the “Operator”). The Operator pays a monthly fixed lease fee to the Issuer. The monthly fixed lease fee in 2019 totals 282k EUR per month initially (248k EUR related to Naantali Spa Hotel and 34k EUR related to Ruissalo Spa Hotel²)
 - The lease fee is regulated through an agreement between the Issuer and the Operator which runs for a period of 10 years. The lease fee will be adjusted upwards (but not downwards) according to the Finnish cost-of-living index each year
 - Capex and refurbishments for the two properties will be covered by the Operator. Property capex spend by the Owner (Issuer) is contemplated to be maximum EUR 500k p.a.
- There is a ring-fenced structure for the Issuer and the Operator (together the “Obligors”). The bond will have security over all material assets of the Obligors
 - Maintenance covenants in the Issuer (ACR, ICR and Minimum Cash) and the Operator (Lease Payment Coverage) to protect asset values
 - Incurrence based covenants for distributions out of Operator and additional debt (senior but unsecured) of Issuer
- Guarantee from Sunborn Saga Oy and a limited guarantee from Sunborn Oy, the parent company of the Sunborn Group
 - Sunborn Oy guarantees the lease payment from the Operator to the Issuer (secondary guaranty) and any dividend paid out of the ring-fence (euro for euro)
- The proceeds from the bond issue will mainly be used to refinance the existing debt. In addition, Sunborn has invested into the two properties totaling EUR 3,8 m until end of 08/2019 ta. Net LTV after the bond issue is ~58%

Organisation Chart



1) Sunborn Finance Oy owns 100% of the Naantali Spa Hotel and ~30% of the Ruissalo Spa Hotel. The remaining part is owned by the Niemi family directly. Bond holders will have security over the leaseholds in respect of both properties

2) Sunborn Saga lease level is 50.5k per month to the Niemi family related to the Ruissalo Spa Hotel

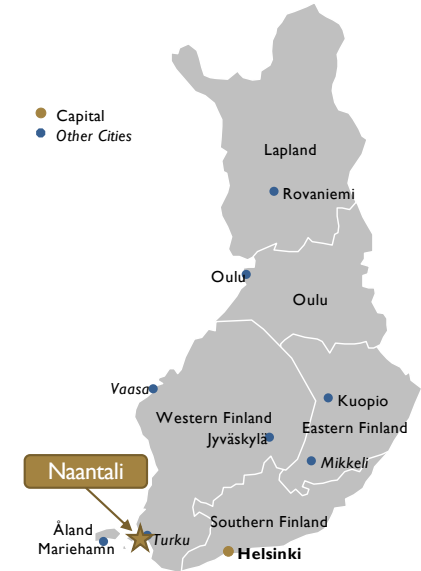
The properties – Naantali Spa Hotel at a glance



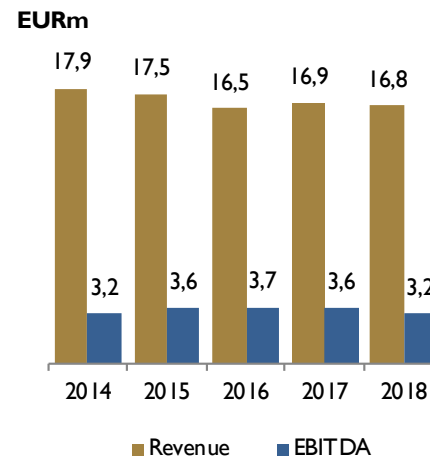
Overview of the hotel

- The Naantali Spa Hotel is located in south-western Finland by the Baltic Sea only 10 kilometers from Turku (Sw. Åbo) with good accessibility to highways, Turku Harbor and Turku International Airport
- Naantali is known as an idyllic summer destination with the enchanting old town, the President's summer residence, Moominworld theme park and numerous events such as the Naantali Music Festival
- The property was completed and hotel operations opened in 1984. An extension to the property was completed in 1992. Renovations and refurbishments have been carried out consistently. In 2018 and 2019 major renovations have been carried out in the rooms and wellness area. By the end of 2019 all rooms in the hotel will be newly refurbished and/or renovated and new room types added.
- The gross internal area of the hotel is 21,950m² including:
 - 218 guest rooms
 - Conference facilities for up to 1,200 delegates (23 event rooms)
 - 4 top quality restaurants, 4 bars, cafés and lounges
 - Spa facility with extensive treatment rooms and a pool complex with 5 pools and 4 saunas
 - Fully equipped, new fitness centre (opened 1/2019), water sports, cycling, tennis, two golf courses and mini golf facilities and a private beach
- Naantali Spa Hotel is a six time winner of the Mercuri International Hotel of the Year award, the most trusted spa hotel brand in Finland six years in a row and the largest and most luxurious Spa Hotel in the Nordic countries. The hotel has also been designated the top conference hotel in Finland and was selected as Finland's **Leading Hotel at the 2019 World Travel Awards**
- The hotel has a long history of stable performance with higher occupancy rates and room rates than Finnish averages

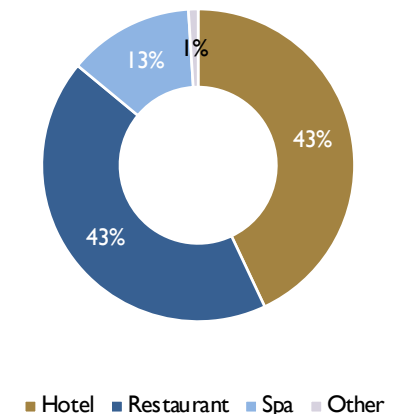
Naantali Spa Hotel - Finland



Key financials



Revenue split 2018





Finland's
Leading
Hotel



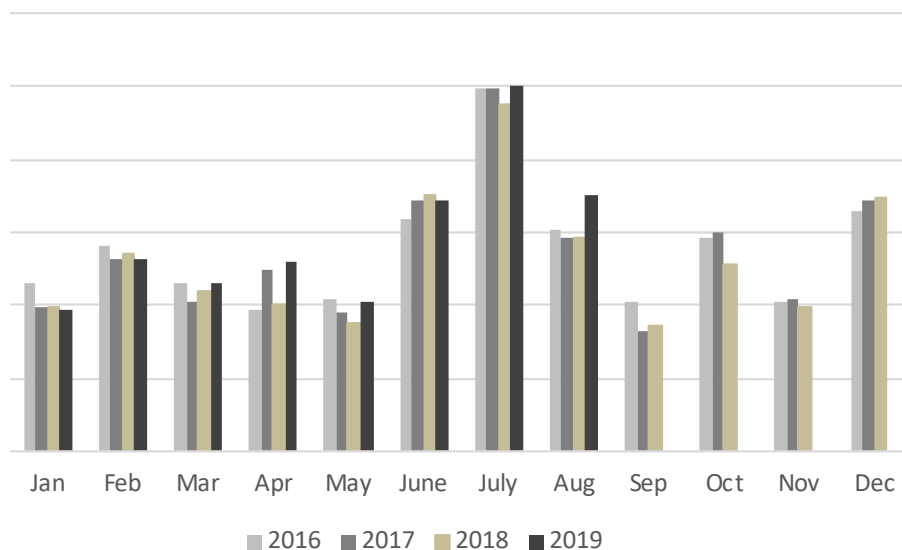
Customer satisfaction and Key Performance Indicators

- The Naantali Spa Hotel has high customer satisfaction ratings and has during the years been awarded several domestic and international awards
 - Ranked among the 100 Best Spas in the World and Finland's Leading Hotel in 2019
 - Customer satisfaction is vital for Naantali Spa Hotel and the high ratings are a testament to the hotel's strong offering, with an average rating of 8.1/10 from 477 reviews on Booking.com, 4.1/5 from 827 reviews on Expedia and 8.2/10 from 346 reviews on Hotels.com
- The room rate has consistently averaged above EUR 100 during the last years. Occupancy rates are relatively stable over the year but with a peak during the summer season when it is close to fully booked. Occupancy increased from 65% in 2017 to 67% on average in 2018

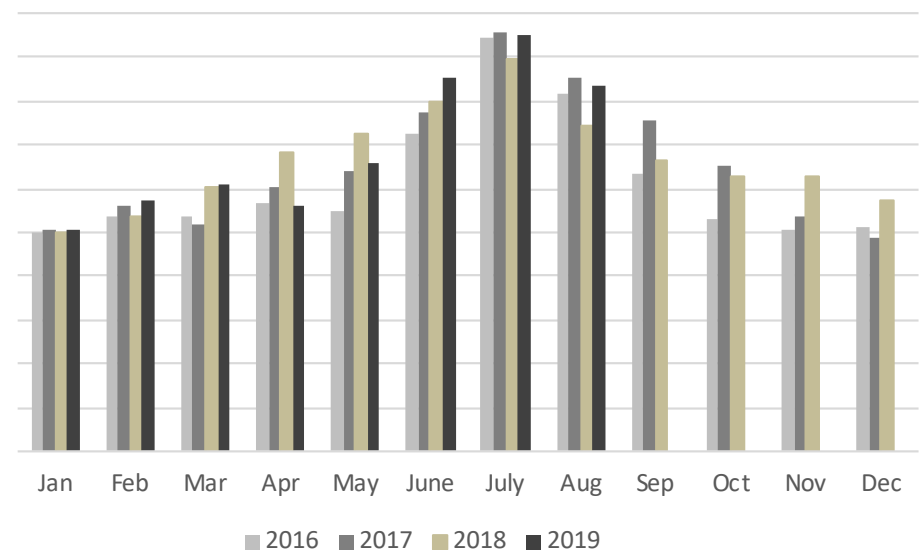
Customer satisfaction

<p>8.1 / 10 477 reviews</p> <p>"Great pool area"</p>	<p>4.1 / 5 827 reviews</p> <p>"88% of guests recommend this hotel"</p>	<p>8.2/10 346 reviews</p> <p>"Very good"</p>
---	---	---

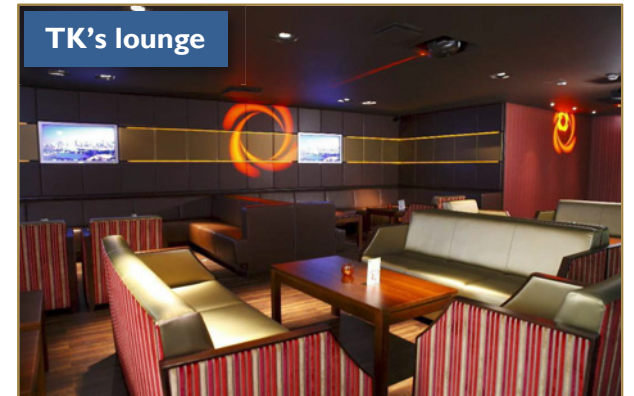
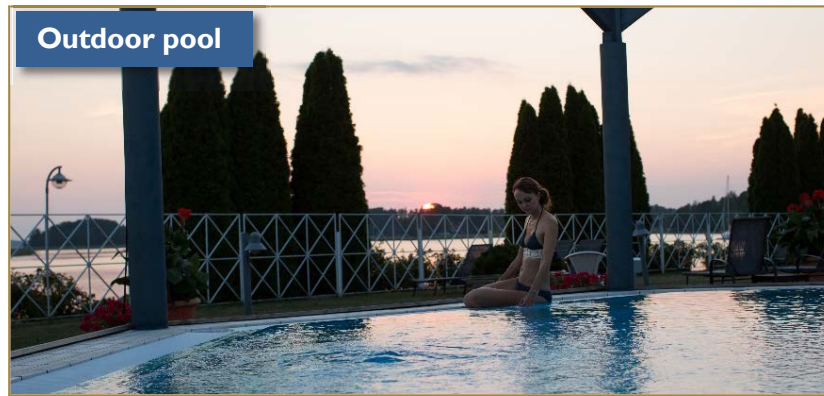
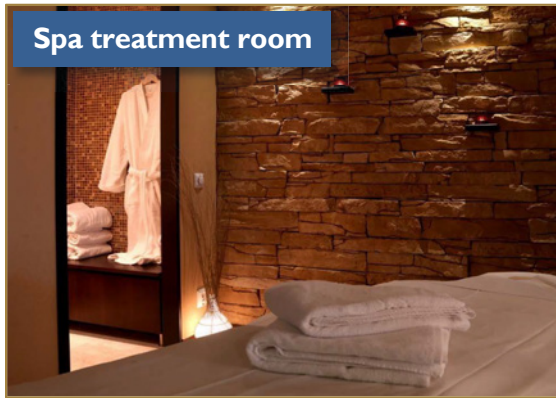
Average room rate (EUR) Naantali ADR €



Average occupancy rate (%) Naantali OCC%



Naantali Spa Hotel and the surroundings



The properties – Ruissalo Spa Hotel at a glance



Overview of the hotel

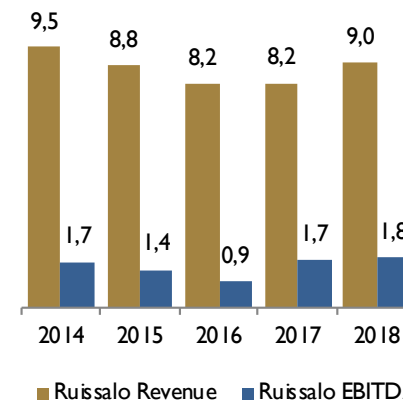
- The Ruissalo Spa Hotel is located on Ruissalo Island 15 minutes by car from Turku city centre, at the edge of the scenic archipelago. The island is connected by a bridge to Turku with excellent communications including access to highways, ferries and Turku International Airport
- Ruissalo Island is a popular one-of-a-kind destination and idyllic holiday spot. The area, once the hunting ground for the Russian Tsar and later the court of the Turku Castle and now part of the Turku National Park, is packed with tourist attractions including marinas, a golf course, a botanical garden and plenty of historical villas overlooking the sea. Ruissalo Spa Hotel is the only hotel in the area, located inside the national park
- The hotel was completed in 1972 and extended with an additional wing in 2004. In September 2017 the renovation and refurbishment of all hotel rooms were completed when the last 60 rooms were completed
- The gross internal area is 8,891 m² distributed over 6 floors including:
 - 171 hotel rooms, of which 43 are mini suites
 - 2 indoor and 1 outdoor BBQ restaurant, cafés, bars and lounges
 - Indoor swimming pool, proximity to a private beach and outdoor swimming, spa facilities, saunas
 - Health, rehabilitation, massage and extensive spa services
 - Fitness centre, cycling, tennis, volleyball, fishing and rowing facilities
- Customers at Ruissalo are largely private individuals, both locals and tourists visiting Turku and the archipelago. Ruissalo is also a popular spa hotel for government and corporate sponsored health oriented programs directed to e.g. WW2 veterans and employees in local businesses. The government programs have generated stable revenue but has also been a costly operation. The WW2 program is winding down out of natural reasons resulting in a larger share of revenue coming from Ruissalo's other customers going forward. This will have a positive effect on profitability as these customers generally pay a higher room rate and drive restaurant and other revenues

Ruissalo Spa Hotel - Finland

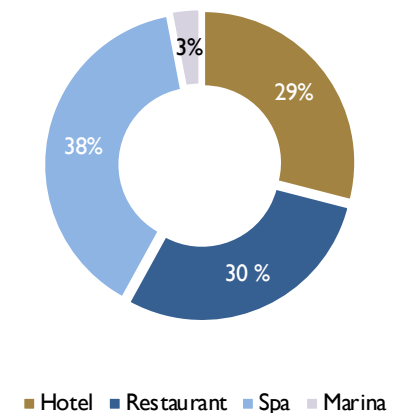


Key financials

EURm



Revenue split 2018





Customer satisfaction and Key Performance Indicators

- Ruissalo Spa Hotel receives praise for its beautiful surroundings and comforts online, with many guests returning year after year. The hotel has high customer ratings proving the quality of the property and the operations
- The hotel has, in light of the recent room refurbishments in combination with a smaller share of customers from government sponsored health oriented programs, increased its average room rates and thus profitability per guest

Customer satisfaction

Booking.com

7.9 / 10
1037 reviews

“Highly rated by recent guests (8.3)”

Expedia®

3.7 / 5
533 reviews

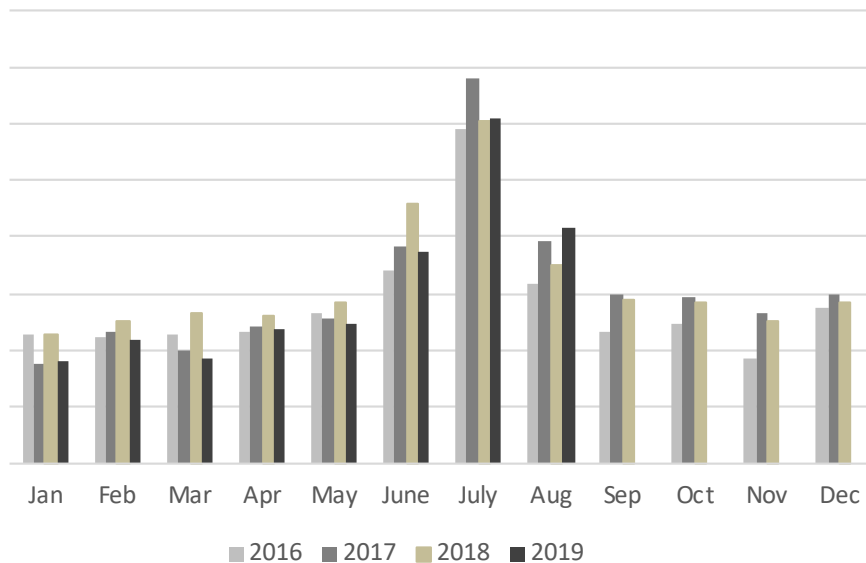
“90% of guests recommend this hotel”

Hotels.com

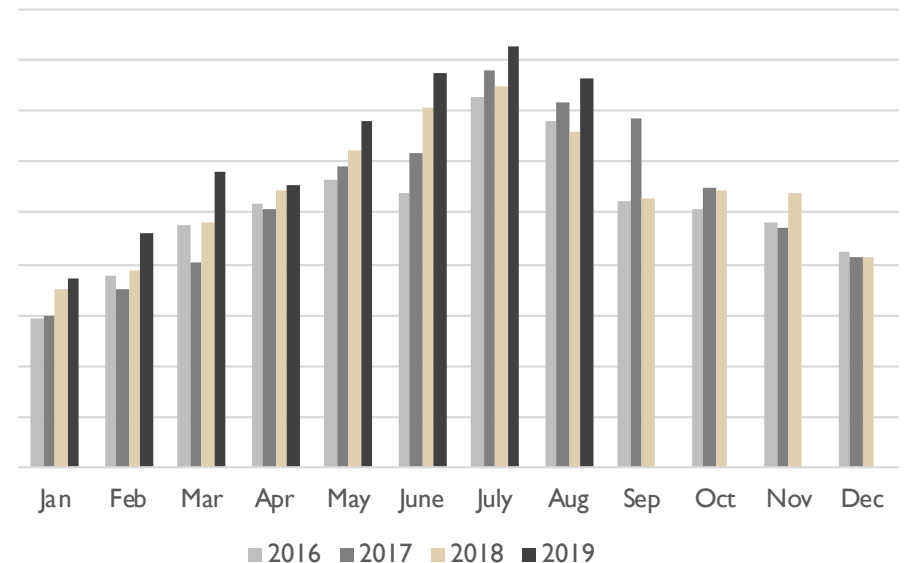
7.6 / 10
229 reviews

“Good”

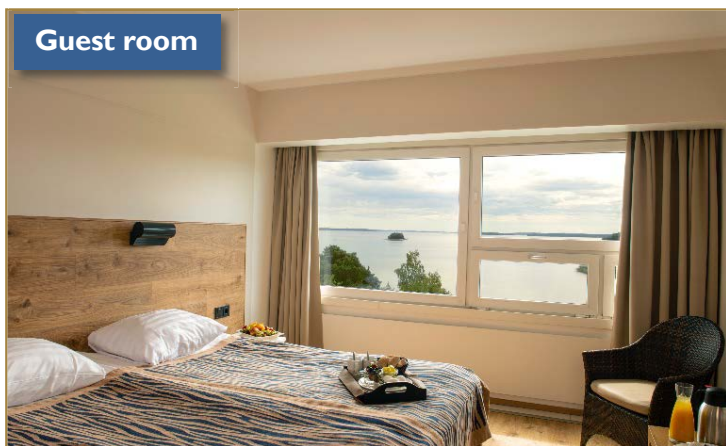
Average room rate (EUR)



Average occupancy rate (%)



Ruissalo Spa Hotel and the surroundings





- Revenue was along budgeted lines at +3.7 % costs in hotel operations were over budget (easter break, fixed cost allocations)
- EBITDA in Q2 was 1.1 M euros (1.4 M euros).
- The properties have undergone significant renovations

Key Figures (IFRS) - Issuer Sunborn Finance Oyj

	Q2 / 2019	Q2 / 2018	H1 / 2019	H1 / 2018	1 Jan- 31 Dec
	1 Apr- 30 Jun	1 Apr- 30 Jun	1 Jan- 30 Jun 2019	1 Jan- 30 Jun 2018	2018
EUR thousand	2019	2018	2019	2018	2018
	(3 months)	(3 months)	(6 months)	(6 months)	(12 months)
Revenue	907	894	1 813	1 789	3 580
EBITDA	689	742	1 340	1 477	2 833
Investment property (Spa Hotels)			63 500	63 500	63 500
Total equity			5 221	7 694	6 374
Bond			48 975	48 640	48 883

Key Figures (FAS) - Operator Sunborn Saga Oy

	Q2 / 2019	Q2 / 2018	H1 / 2019	H1 / 2018	1 Jan - 31 Dec
	1 Apr - 30 Jun	1 Apr - 30 Jun	1 Jan - 30 Jun 2019	1 Jan - 30 Jun 2018	2018
EUR thousand	2019	2018	2019	2018	2018
Revenue	7 337	7 000	12 447	11 927	25 672
EBITDA before rent and group admin	1 098	1 400	1 267	1 425	4 115



Key Figures of the operator Sunborn Saga Oy Financial summary Q2

- Total turnover 4-6/2019 7,2 M€ vs 4-6/2018 was 7,0 M€, +3% increase
- New company strategy, management changes

In Naantali Spa

- Total room capacity in **Naantali Spa** was 23092 in Q2 vs 20837 in Q2/2018.
- **Number of sold rooms +4% increase.**
- **ADR +5% increase.**

In Ruissalo Spa

- Number of sold rooms increased +7% increase – in leisure segment.
- The healthcare segment decreased due to one rehabilitation agreement with the Turku city ending in March.
- ADR for Q2 in Ruissalo Spa decreased -6% due to fluctuations in the customer segments.
- Corporate segment demand and F&B sales continued to grow slightly in both properties, whereas treatments and rehabilitation sales decreased due to lower demand.
- OCC-% in Ruissalo increased by 7%. OCC % in Naantali is not comparable due to room renovations.



Refurbishment and renovation

- Room renovations in Naantali Spa completed
- Naantali City Apartments renovations completed in May to July
- Naantali City Apartments comprises of 24 apartments with two and three bedrooms

Ongoing or new:

- Suites - refurbishment of a number of suites ongoing in Q3 2019
- Public Areas - Renovations in 2019



Seaside Suites



Loft Rooms



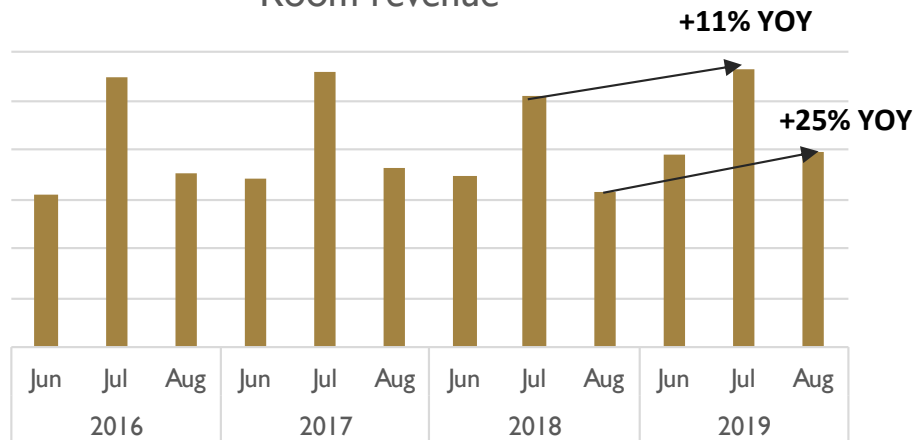
Naantali City Apartments 2019



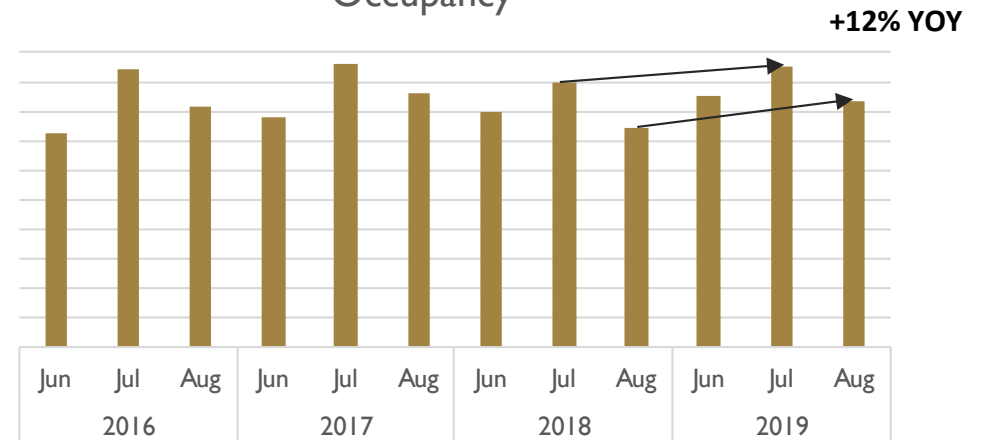
NAANTALI SPA & HOTEL

“Good Performance over Summer”

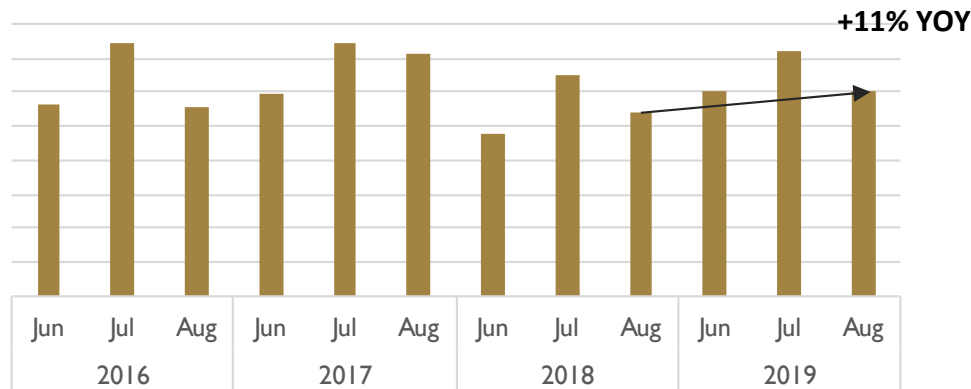
Room revenue



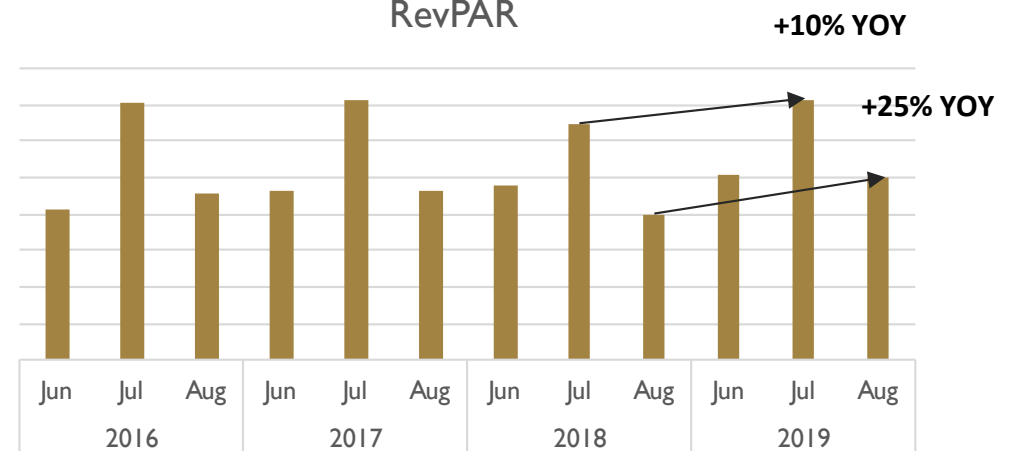
Occupancy



ADR



RevPAR

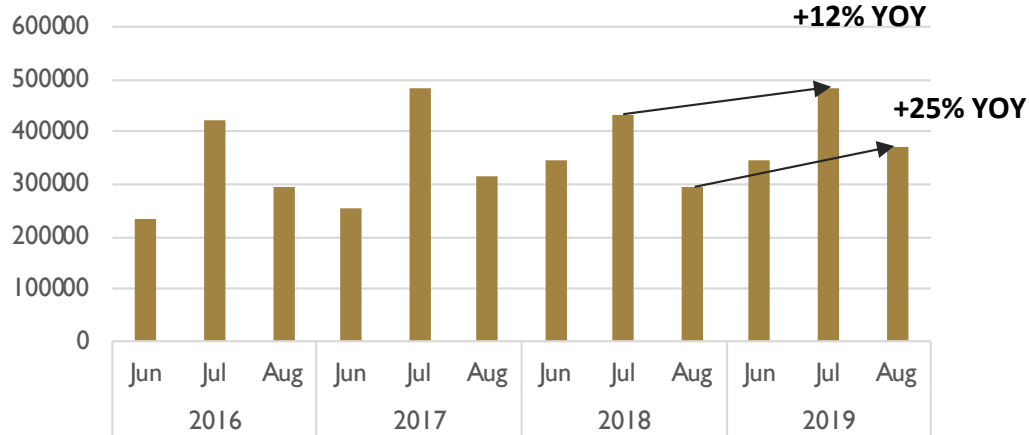




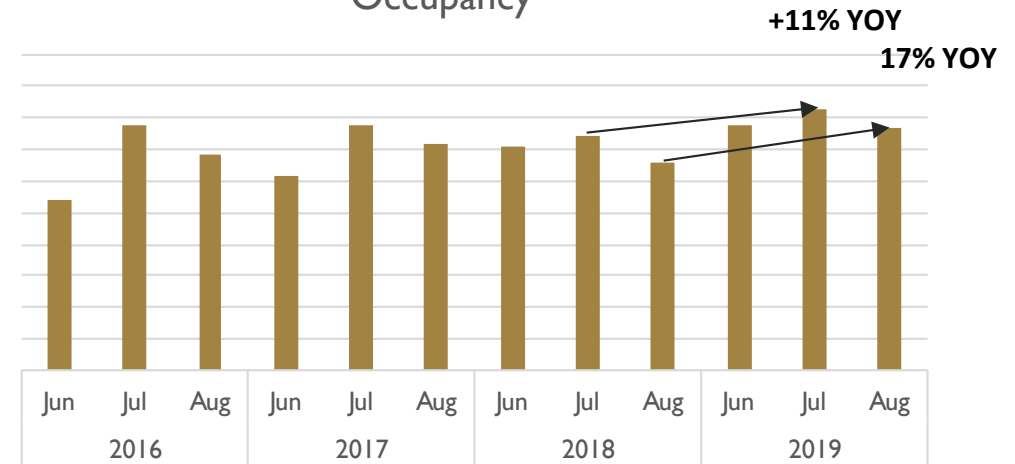
RUISSALO SPA & HOTEL

“Good Performance over Summer”

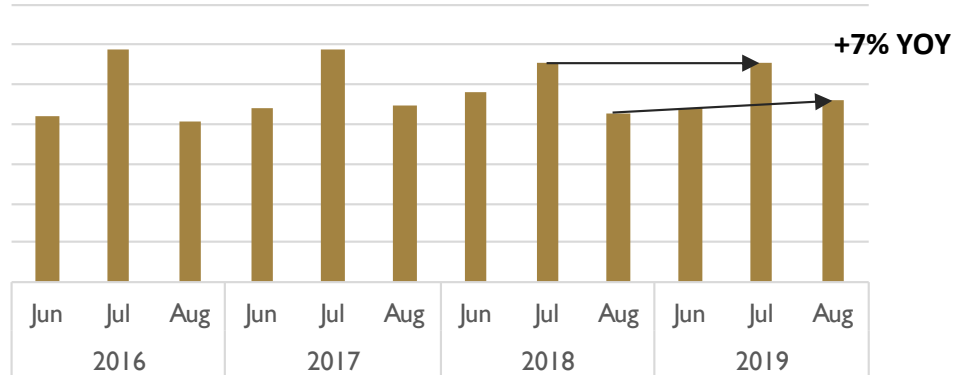
Room revenue



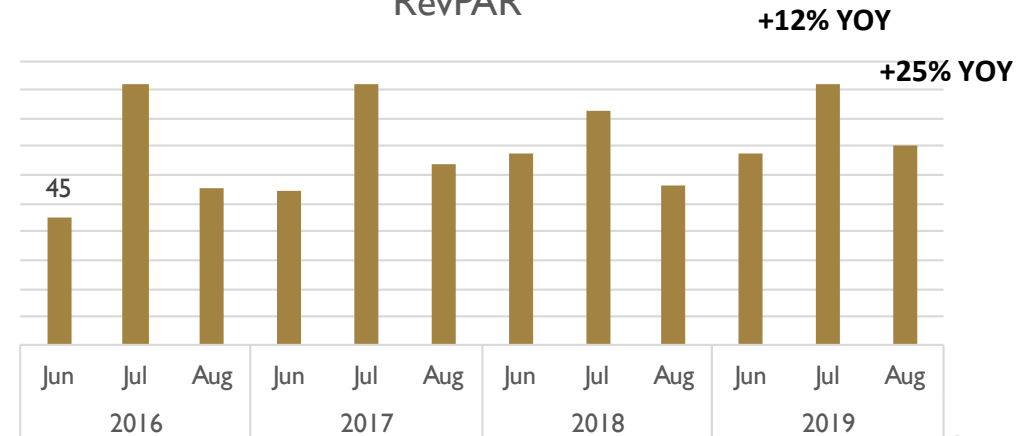
Occupancy



ADR



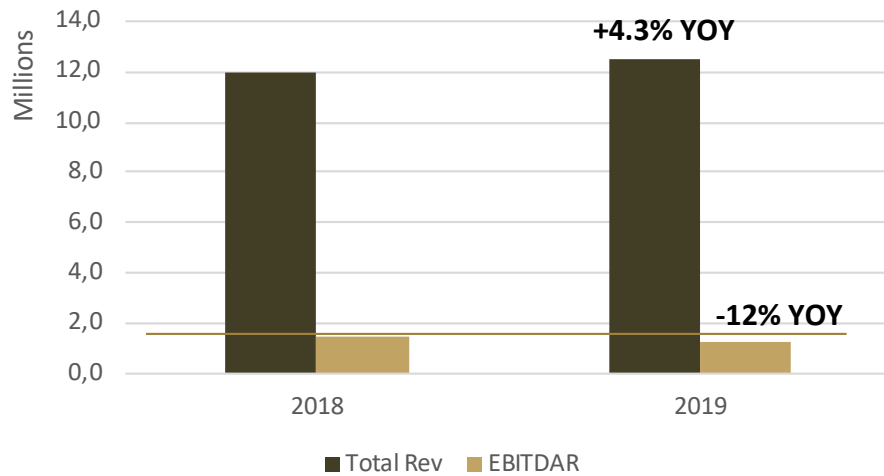
RevPAR



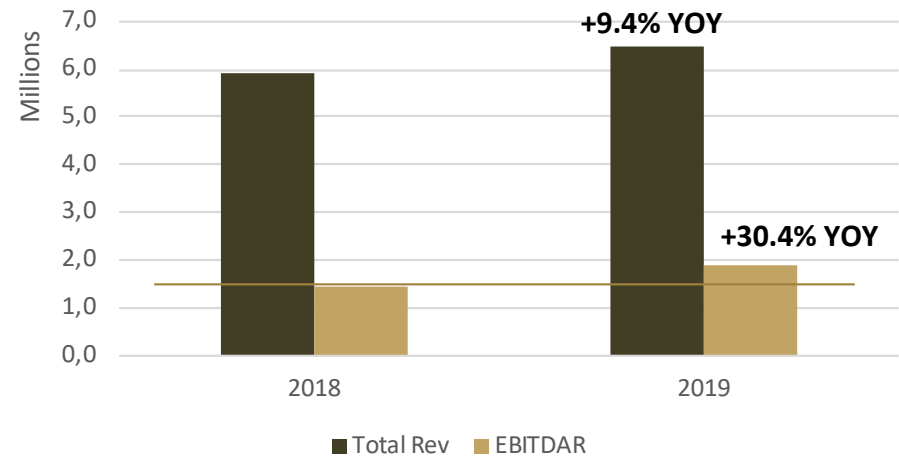


“Performance YTD in good position”

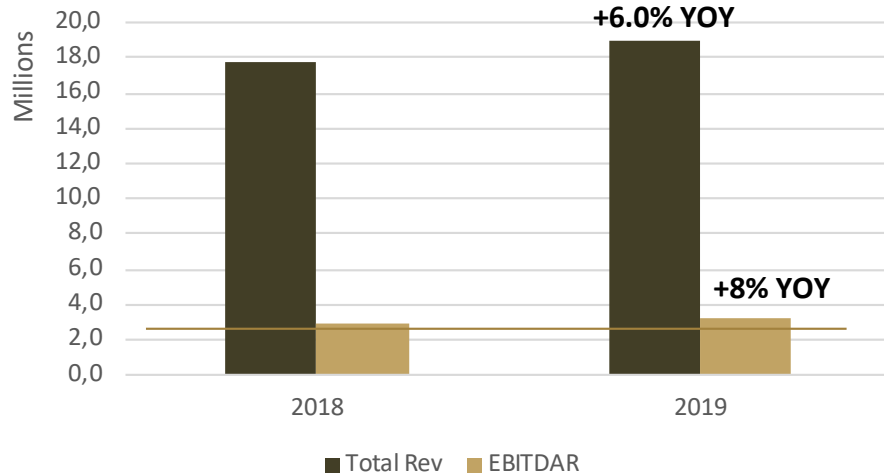
H1 2018 vs 2019



July - August 2018 vs 2019



1-8 Cum 2018 vs 2019



*EBITDAR = EBITDA before rent and group admin