



# sunborn

## Sunborn Finance Oyj - Senior Secured Bond

Investor Presentation – May 15<sup>th</sup>, 2020

# Disclaimer



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# Disclaimer (cont'd)



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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.

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## **Responsibility for complying with the procedures of the Proposal**

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## **Conflict of interest**

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## **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**

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## **Governing law and jurisdiction**

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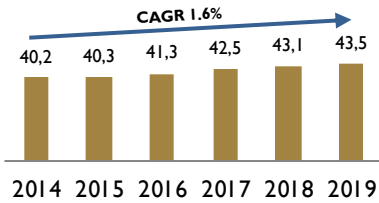
<b>1</b>	<b>Current situation, actions taken, and proposed amendment of terms</b>
2	Transaction summary
3	Introduction to the hotels
4	Financial overview
5	Introduction to the Sunborn Group
6	Risk factors
A	Appendix

# Sunborn has performed well since the bond issuance

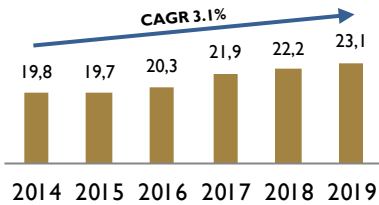


**Solid underlying macroeconomic and secular trends have driven the Finnish market recent years...**

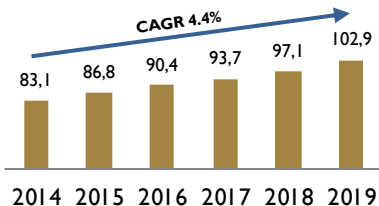
## GDP per capita (EURm)



## Total hotel nights spent in Finland (millions)



## Room price development in hotels (EUR)

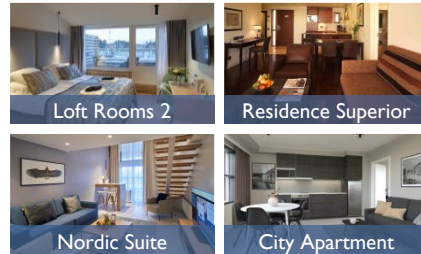


**...and to capitalise on the current trends, Sunborn has made significant investments into its hotels...**

**In the period 2017 to 2019, all rooms in the main building in Naantali Spa Hotel was refurbished**

**The refurbishment of all rooms in the Ruissalo Spa Hotel was completed in 2017**

### Naantali Spa Hotel

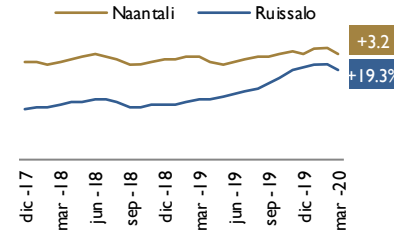


### Ruissalo Spa Hotel

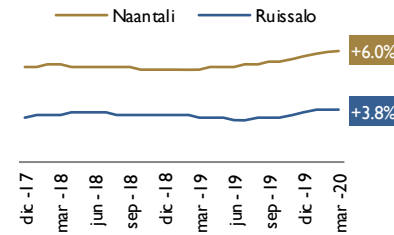


**...and since, then the hotels has had a solid track record...**

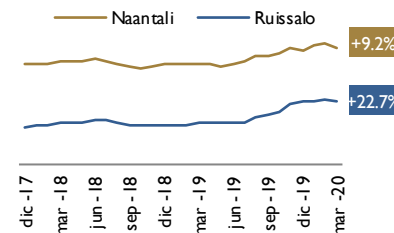
## Avg. occupancy rate development<sup>1</sup>



## Avg. ADR development<sup>1</sup>



## Avg. REVPAR development<sup>1</sup>



**...as well as being recognised by organisations and highly appreciated by customers**

### Naantali Spa Hotel



Named **"Finland's Leading Hotel"** at the World Travel Awards in 2019

### New nominations at the World Travel Awards (2020):

- Europe's Leading Leisure Resort
- Finland's Leading Business Hotel
- Finland's Leading Hotel
- Finland's Leading Hotel Suite: Unique Theme Suites

### Ruissalo Spa Hotel

**High ratings on the major hotel booking sites and appreciated by customers**



**7.9 / 10**  
956 reviews



**3.7 / 5**  
565 reviews



**7.8 / 10**  
213 reviews

1) Based on a twelve month rolling average, Source: Statistics Finland

# Overview of the effects from COVID-19 on Sunborn Saga



## Sunborn Saga COVID-19 virus log

### Beginning of pandemic

First cancellations to the hotels were made in the beginning of February, mainly of Asian groups. The cancellations concerned mainly February and March. In February, with only a handful of imported COVID cases, Finnish National Health Ministry advised no concern over an epidemic spread in Finland.

New procedures regarding hygiene were put in place.

### State of emergency declared

State of emergency in Finland declared, with closure of schools among other, and gatherings were restricted to max 10 persons.

Elderly customers were sent home from the Sunborn hotels.

### Further restrictions

Further restrictions were put in place by the Finnish government, and restaurants, bars, nightclubs and cafés were prepared to close throughout the country, and Helsinki was considered to be isolated from the rest of the country.

### Sunborn's view on coming months and future operations

Domestic leisure business is expected to return quite rapidly after quarantines end. Both Hotels and ancillary restaurants are planned to be opened 1 June, although with some restriction are expected to be in place over the next months.

February

March 12

March 16

March 18

March 24

March 25

Future

### Initial restrictions

Finnish government banned gatherings of more than 500 persons until the end of May, resulting in cancelled events, of which some were rebooked to the fall.

Sunborn responded by preparing lay-off of the total personnel.

### Closure of Ruissalo Spa Hotel

All rehab courses, even for younger participants, were ceased until the end of May and all participants was sent home.

95% of business at Ruissalo Spa vanished, and was closed shortly after.

### Closure of Naantali Spa Hotel

The government order to close restaurants etc. resulted in the decision to cease most operations at Naantali Spa. One spa restaurant kept open for takeaway and home deliveries.

Cost savings in place by reducing energy expenditures.

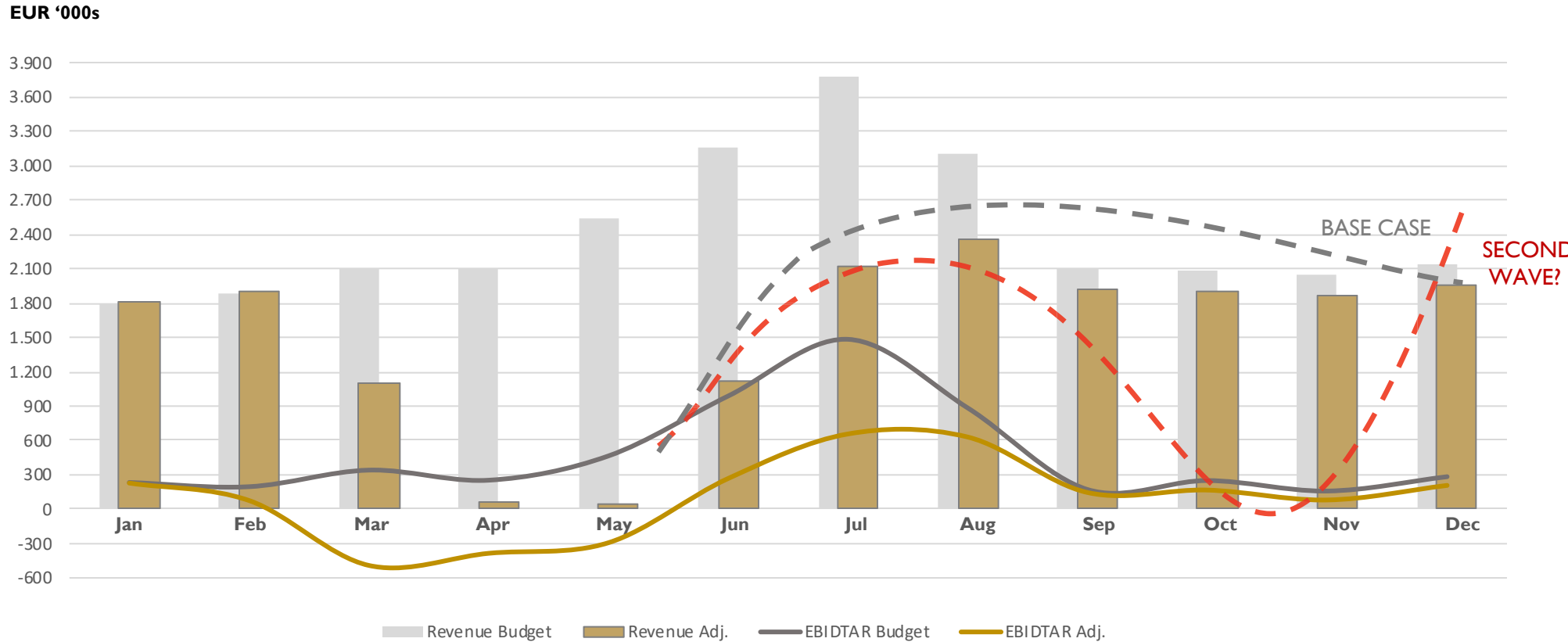
# Sunborn has adapted to the COVID-19 situation



## Actions implemented to mitigate effects from COVID-19 virus

- **Lay off staff**
  - During closure of operations, manage suppliers, outgoings and HR
  - Keep limited reservations staff to manage and move reservations and contact clients
- **Reduce investments**
  - Both long-term investments and some maintenance capital expenditures without jeopardizing the value of the properties, and critical and planned investments brought forward to COVID-19 standstill
- **Separate guests as far as possible**
- **Seek government support for covering costs and handling liquidity with government supported working capital loans**
- **Plan for recovery rebound and maintain pricing strategy for peak season expecting lower occupancy**
- **Reduce marketing and administrative costs, manage utilities and fixed costs**

# Sunborn Saga 2020 Budget vs. Revised Key Financials after COVID-19



- 2020 Forecast based on scenario with hospitality industry opening in June with recovery towards year end
- Expected rebound in domestic travel for July and August and continued focus on domestic business for medium term
- Leisure expected to pick up first with corporate travel normalising FY2021
- Reduced cost lines should translate into higher EBITDAR % at lower revenues
- There are known factors and unknown factors going forward. Error margin of forecasting short to medium term is high

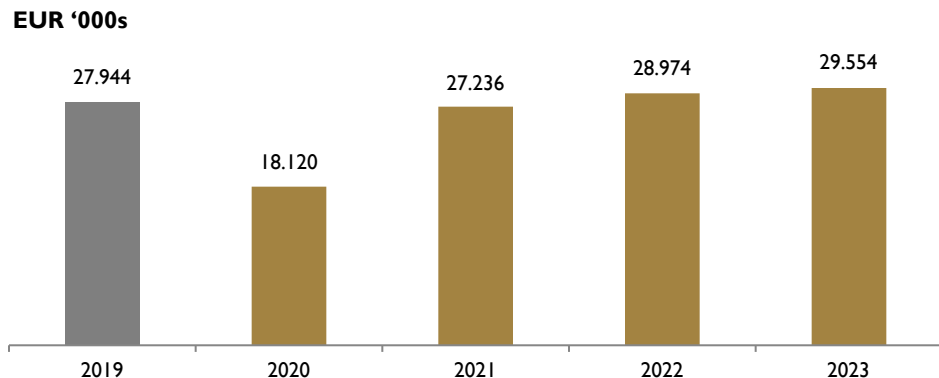
Note: Management forecasts



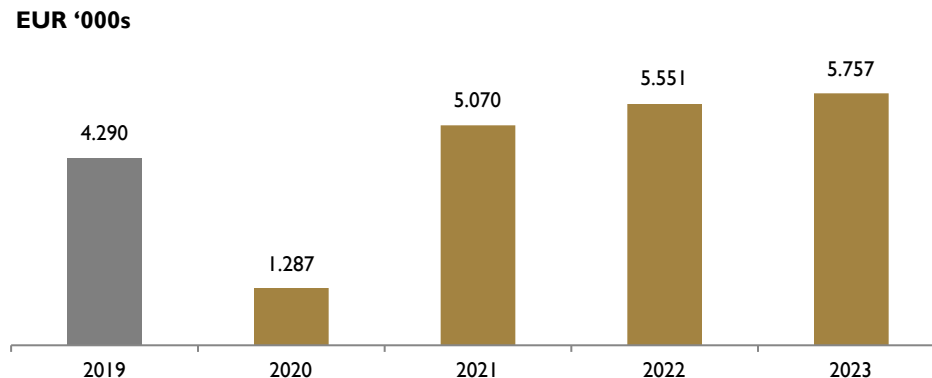
# Forecast on key financials showing effect from COVID-19 situation



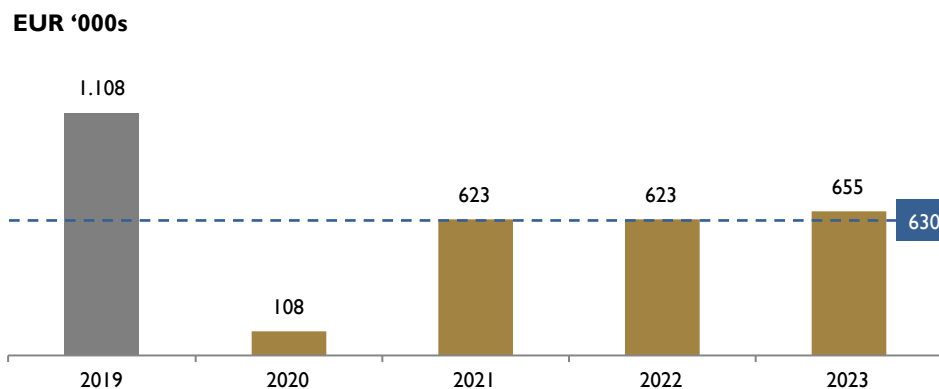
## Operating income (Sunborn Saga)



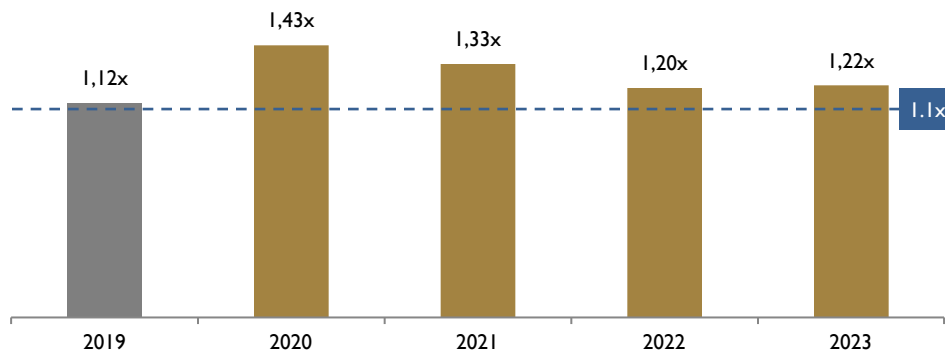
## Operator EBITDAR (Sunborn Saga)<sup>1</sup>



## Minimum cash covenants<sup>2</sup>



## Interest coverage ratio<sup>2</sup>



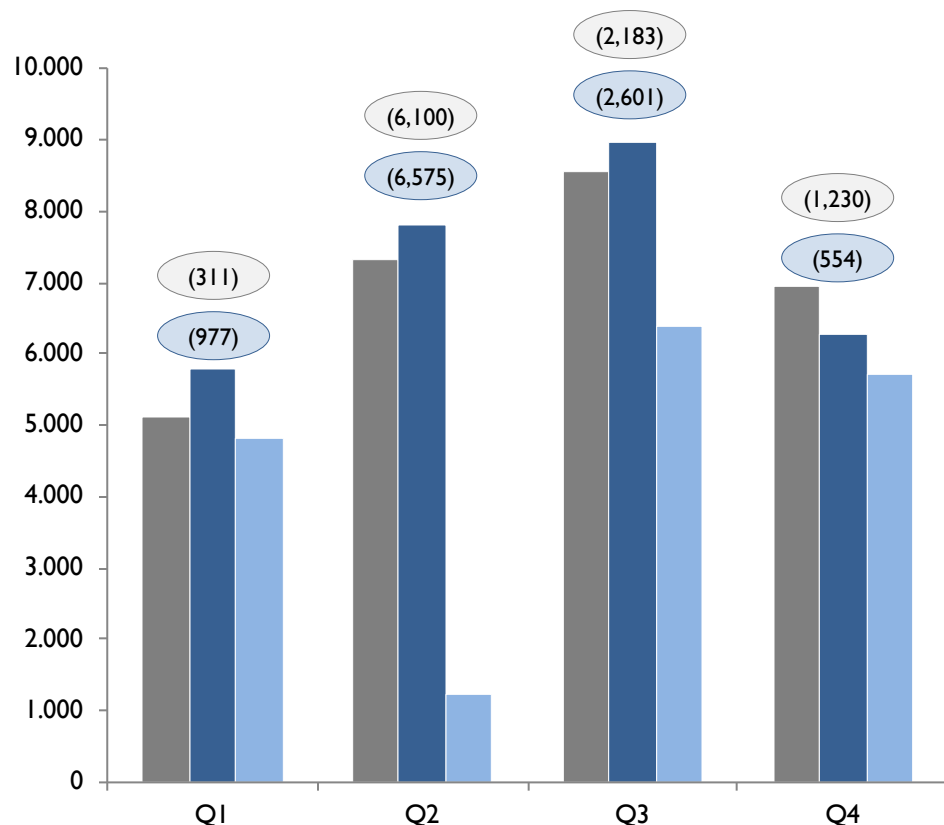
1) Personnel expenses in 2019 adjusted compared to reported figures in Q4 2019 report, but will be adjusted in Annual Report 2019. Reported EBITDAR for FY2019 was ~EUR 4,310,000 as per Q4 2019 report. 2) Refers to Sunborn Finance Oyj (Issuer). Note: Management forecasts

# Quarterly comparison of operating income and EBITDAR



## Operating income (Sunborn Saga)

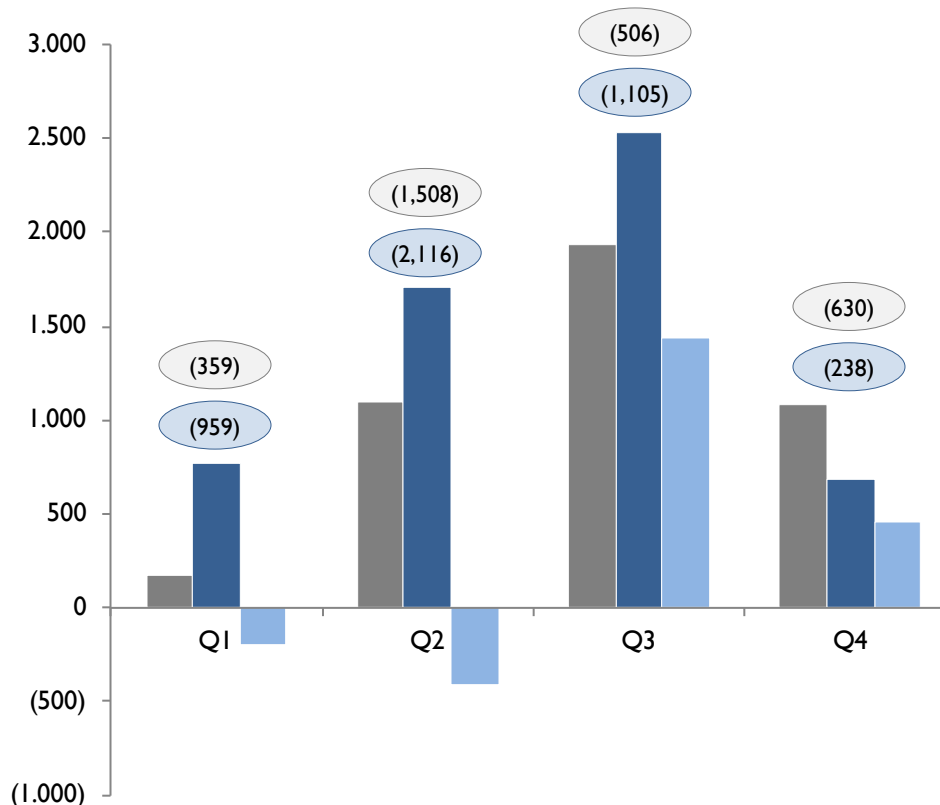
EUR '000s



## Operator EBITDAR (Sunborn Saga)<sup>1</sup>

EUR '000s

Legend: ■ 2019 ■ 2020 Original budget ■ 2020 Revised forecast ○ Delta '19A-'20F ○ Delta '20B-'20F



<sup>1</sup>) Personnel expenses in 2019 adjusted compared to reported figures in Q4 2019 report, but will be adjusted in Annual Report 2019. Reported EBITDAR for FY2019 was ~EUR 4,310,000 as per Q4 2019 report. Note: Management accounts and forecasts



## Summary of amendments 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 one (1) CSD 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. 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).
- c) Lease Payment Coverage to be waived until but excluding 31 December 2021 (i.e. tested on 31 December 2021 and onwards on a quarterly basis).

### III. New Financial Covenant (Quarterly Operator EBITDA)

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

- (a) Operator EBITDA for Q4 2020 to exceed 60 per cent. of Operator EBITDA for Q4 2019;
- (b) Operator EBITDA for Q1 2021 to exceed 70 per cent. of Operator EBITDA for Q1 2019;
- (c) Operator EBITDA for Q2 2021 to exceed 80 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.

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 for as long as Quarterly Operator EBITDA is tested) 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.

### IV. 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 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.

### V. 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 3,000,000 ("**Governmental Support**") and such Governmental Support shall constitute Permitted Debt.
- (b) None of the Issuer or the Operator 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.

### VI. Lease Payments

General undertaking relating to the Minimum Lease Payment to be waived for 2020.

### VII. Waivers of other Events of Default

Following other Events of Default to be waived:

- (a) Lease Agreement Non-payment (to be waived until and including 31 December 2020); and
- (b) Continuation of the Business (to be waived until and including 31 December 2020).

# Sunborn Saga Oy (Operator) – Management forecasts



	Historical		Forecasted					Delta		
	2018	2019 <sup>1</sup>	2020				2021	'19A-'20F	'20B-'20F	
EUR '000s			Q1	Q2	Q3	Q4	FY			
<b>Sales</b>	<b>25,672</b>	<b>27,944</b>	4,799	1,237	6,374	5,710	<b>18,120</b>	<b>27,236</b>	<b>(9,824)</b>	<b>(10,524)</b>
Other service income	317	291	48	-	1	62	111	200	(180)	+46
Cost of sales	(3,761)	(3,990)	(653)	(180)	(890)	(771)	(2,494)	(3,895)	+1,496	+1,680
Provisions	(322)	(438)	(52)	(13)	(84)	(72)	(221)	(330)	+217	n.m.
Personnel and external services	(12,028)	(13,159)	(2,866)	(757)	(2,530)	(2,795)	(8,948)	(11,711)	+4,211	+3,406
Utilities and maintenance	(3,169)	(3,221)	(811)	(450)	(734)	(742)	(2,736)	(3,197)	+484	+461
Music and entertainment	(558)	(585)	(80)	(10)	(123)	(119)	(332)	(498)	+253	+166
Sales and marketing	(904)	(1,103)	(190)	(51)	(209)	(363)	(813)	(1,171)	+291	+358
Administration	(582)	(605)	(122)	(61)	(175)	(109)	(468)	(563)	+138	+124
Sunborn Services	(659)	(668)	(151)	(65)	(121)	(151)	(489)	(634)	+179	+116
Rents	(551)	(844)	(261)	(125)	(199)	(347)	(932)	(1,000)	(88)	+302
<b>EBITDA before costs to Sunborn Finance</b>	<b>3,455</b>	<b>3,622</b>	(340)	(475)	1,311	302	<b>798</b>	<b>4,436</b>	<b>(2,824)</b>	<b>(4,084)</b>
Rents to Sunborn Finance	(3,338)	(3,379)	(850)	-	(567)	(850)	(2,268)	(3,936)	+1,111	+1,134
<b>EBITDA</b>	<b>117</b>	<b>243</b>	(1,190)	(475)	744	(548)	<b>(1,470)</b>	<b>500</b>	<b>(1,713)</b>	<b>(2,950)</b>
Interest	(1)	(2)	(1)	(31)	(20)	(20)	(71)	(35)	(69)	n.a.
Taxes	(1)	(0)	-	-	-	-	-	-	+0	n.a.
<b>Profit</b>	<b>115</b>	<b>241</b>	(1,191)	(506)	724	(568)	<b>(1,541)</b>	<b>465</b>	<b>(1,782)</b>	-
Capital expenditures	593	(382)	(158)	-	(42)	(100)	(300)	(300)	+82	n.a.
Group contribution	655	500	-	-	-	-	-	-	(500)	n.a.
Change in working capital	(1,239)	785	147	-	(147)	-	-	-	(785)	n.a.
Government contribution	-	-	-	200	200	-	400	-	+400	n.a.
Working capital facility	-	-	-	2,000	-	-	2,000	(500)	+2,000	n.a.
<b>Cash flow</b>	<b>124</b>	<b>1,144</b>	(1,202)	1,694	735	(668)	<b>559</b>	<b>(335)</b>	<b>(584)</b>	-
<b>Cumulative cash flow</b>	<b>554</b>	<b>1,698</b>	496	2,190	2,925	2,257	<b>2,257</b>	<b>1,923</b>	<b>+559</b>	-

## Comments

- Operations are shut down from April to May 2020
  - Only sales originate from apartment hotel room revenue and take-away food revenue
  - June, July and August sales estimated at 35%, 55% and 75% of the original 2020 budget respectively
- Personnel costs during the COVID-19 situation at a minimum and permanent reduction in staff 2020-2021
  - Personnel planned to come back at the end of May to prepare for the gradual start-up of operations in the beginning of June
- Fixed costs during the crisis at a minimum level (electricity, water and heating decreased by 65%, 70% and 50% respectively)
- The rents to Sunborn Finance deducted for 4 months
- Compensation issued by the government due to closure
- Working capital facility of EUR 2-3m, depending on the length and outcome of the crisis, agreed and facility guaranteed by the state (Finnvera)

### Other comments:

- Domestic travel post COVID-19 situation is expected to increase and the outlook for coming autumn is positive
- Original year 2020 budget moved to 2022, and 2021 based on cautious forecasts
  - Moderate 2% sales increase forecasted for 2023

1) Personnel expenses in 2019 adjusted compared to reported figures in Q4 2019 report, but will be adjusted in Annual Report 2019. Reported EBITDAR for FY2019 was –EUR 4,310,000 as per Q4 2019 report.  
 Note: Management accounts for the period January 2020 – February 2020, thereafter management forecasts

# Sunborn Finance Oyj (Issuer) – Management forecasts



EUR '000s	Historical		Forecasted						Delta	
	2018	2019	2020				FY	2021	'19A-'20F	'20B-'20F
			Q1	Q2	Q3	Q4				
<b>Rental Income</b>	-	<b>3,379</b>	850	-	567	850	<b>2,268</b>	<b>3,936</b>	<b>(1,111)</b>	<b>(1,134)</b>
Other service income (personnel)	-	245	57	57	57	57	227	250	(18)	(21)
Personnel costs	-	(255)	(57)	(57)	(57)	(57)	(227)	(250)	+28	+21
Land rent	-	(47)	-	-	-	-	-	(95)	+47	+47
Insurance	-	(65)	(17)	(17)	(17)	(17)	(67)	(69)	(2)	-
Property tax	-	(203)	-	-	(101)	-	(101)	(305)	+103	+101
SB services	-	(73)	(18)	(18)	(18)	(18)	(74)	(74)	(1)	-
External services	-	(154)	(8)	(14)	(14)	(14)	(50)	(50)	+104	-
Other administration	-	(67)	(12)	(18)	(19)	(19)	(68)	(69)	(1)	-
One-off transaction and legal costs	-	-	-	-	(150)	-	(150)	-	(150)	(150)
<b>EBITDA</b>	-	<b>2,760</b>	796	(67)	398	782	<b>1,758</b>	<b>3,273</b>	<b>(1,001)</b>	<b>(1,136)</b>
Bond interest 4.85 %	-	(2,459)	(615)	(615)	(615)	(615)	(2,459)	(2,459)	-	-
<b>Earnings before taxes</b>	-	<b>301</b>	181	(682)	(217)	167	<b>(701)</b>	<b>815</b>	<b>(1,001)</b>	<b>(1,136)</b>
Capital expenditures	-	(1,159)	(170)	(50)	(50)	(30)	(300)	(300)	+859	+200
Change in working capital	-	(144)	(5)	-	-	5	-	-	+144	-
<b>Cash flow</b>	-	<b>(1,002)</b>	6	(732)	(267)	142	<b>(1,001)</b>	<b>515</b>	<b>+1</b>	<b>(936)</b>
<b>Cumulative cash flow</b>	<b>2,110</b>	<b>1,108</b>	1,114	382	116	258	<b>108</b>	<b>623</b>	<b>(1,001)</b>	<b>(936)</b>

## Comments

- The rental income for four months has been deducted
- Performance covenants and reserve account requirement have been relaxed
- Land rent and property tax payments postponed
- One time transaction and legal costs estimated at EUR 150,000

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

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# Investment highlights



## Two well established spa and conference hotels

- The Naantali Spa Hotel and the Ruissalo Spa Hotel are located in the Turku region in Finland. Turku is an attractive destination for locals, tourists and corporate travelers alike with the Moomin park, archipelago and Turku city center in close proximity. The vast majority of visitors are domestic or from the nearby neighboring countries
- Established in 1984 and 1972 respectively, Naantali Spa Hotel and Ruissalo Spa Hotel have long track records of profitable operations
- Customer ratings from Hotels.com, TripAdvisor, Expedia and Booking.com are strong and both hotels have received awards both domestically and internationally

## Low LTV ratio and security over two well invested hotel assets

- Simple and efficient bond structure to maintain asset value and streamline the hotel operations
- 1st lien security over the two hotels in a newly established entity owning and maintaining the two properties. Share pledge over the operating company, which is a guarantor of the issuing entity. Share pledge over the issuing entity. Limited guarantee from Sunborn Oy covering lease payments (hotel rent) over the lease period
- Net LTV of 58% based on 3rd party valuations from Catella Finland (as of Dec 2019)

## Strong and experienced long term owner

- The Sunborn Group has extensive experience in the hospitality and real estate industry with a proven track record of owning and operating a wide range of hospitality businesses in Finland and internationally, including restaurants, hotels, spas, rehabilitation and care centers
- Sunborn is owned by the Niemi family and is part of an overall portfolio of real estate and other assets, which was valued at EUR ~500m in 2016. The family has its roots in Turku and the Sunborn Group is Turku based since its inception in the 1970's
- Naantali Spa Hotel and Ruissalo Spa Hotel have been operated and owned by the Niemi family since 1984 and 1974 respectively. During the years the two hotels have been expanded, maintained and refined continuously with significant investments going into the properties and the operations. During the last four years, both hotels have refurbished hotel rooms

## Sunborn foresees a catch-up effect once the situation improves given strong booking figures and recent refurbishments

- The locations and the extensive service and activity offerings makes the properties popular hotel, conference and spa destinations for locals, tourists and corporate customers. Revenue streams are therefore diversified with a fairly even split by accommodation, restaurants & bars and spa & rehabilitation
- Sunborn has invested heavily into its hotels recent years, capitalizing on attractive macroeconomic and secular trends. This has resulted in good momentum, and 2019 and the beginning of 2020 were strong periods for both hotels with improving Key Performance Indicators and growth in top line
- The hotels' diversified revenue streams together with a largely variable cost base has successfully enabled Sunborn to decrease costs and tackle the COVID-19 situation. Strong booking figures pre-crisis and recent refurbishments sets Sunborn up for an accelerated catch-up effect once the situation improves

# Original key terms and conditions



<b>Issuer</b>	Sunborn Finance Oyj
<b>Guarantors</b>	Sunborn Saga Oy (Operator), Sunborn Oy (limited to a secondary guarantee for lease payments and a guarantee limited to the amount of dividends (if any) paid out of the ring fence)
<b>Ranking</b>	Senior Secured
<b>Amount</b>	EUR 50 million
<b>Maturity</b>	5 years
<b>Coupon</b>	Euribor 3 months + 485 bps (0.0% Euribor-floor) p.a., payable quarterly in arrears
<b>Purpose</b>	Repay all existing debt, pay transaction costs and general corporate purposes including <i>inter alia</i> investments into the properties
<b>Security</b>	Standard incl. mortgage, share pledge, insurances, account pledges, etc.
<b>Financial covenants</b>	<p>Maintenance covenants (Issuer):</p> <ul style="list-style-type: none"> <li>▪ Interest Coverage Ratio: &gt; 1.10x</li> <li>▪ Asset Coverage Ratio: Market Value of the two hotels to Net Interest Bearing Debt &gt; 130%</li> <li>▪ Minimum Cash: Cash and cash equivalents ≥ 3 months interest payable under the Bonds</li> </ul> <p>Maintenance covenant (Operator):</p> <ul style="list-style-type: none"> <li>▪ Lease Payment Coverage: Operator EBITDA to Lease payment: &gt; 1.00x</li> </ul> <p>Incurrence based covenants for the distributions (Operator) and additional debt (Issuer):</p> <ul style="list-style-type: none"> <li>▪ Interest Coverage Ratio: &gt; 1.25x</li> <li>▪ Asset Coverage Ratio: &gt; 140%</li> <li>▪ Lease Payment Coverage: &gt; 1.20x</li> </ul>
<b>Other undertakings</b>	<i>Inter alia</i> : Negative pledge, restrictions on financial indebtedness, mergers and demergers, dealings with related parties
<b>Change of control</b>	Put at 101.0%
<b>Call options</b>	MW 36 months, thereafter @ 50%, 25%, 12.5% of initial coupon after 36, 48, 54 months (0% if refinanced with Market loan after 57 months)
<b>Nominal value</b>	Nominal value of EUR 20,000 each, with minimum subscription of EUR 100,000
<b>Trustee &amp; security agent</b>	Nordic Trustee
<b>Listing / Documentation / Law</b>	Nasdaq Helsinki / Stand alone / Finnish law
<b>Joint managers</b>	DNB Markets & OP Corporate Bank



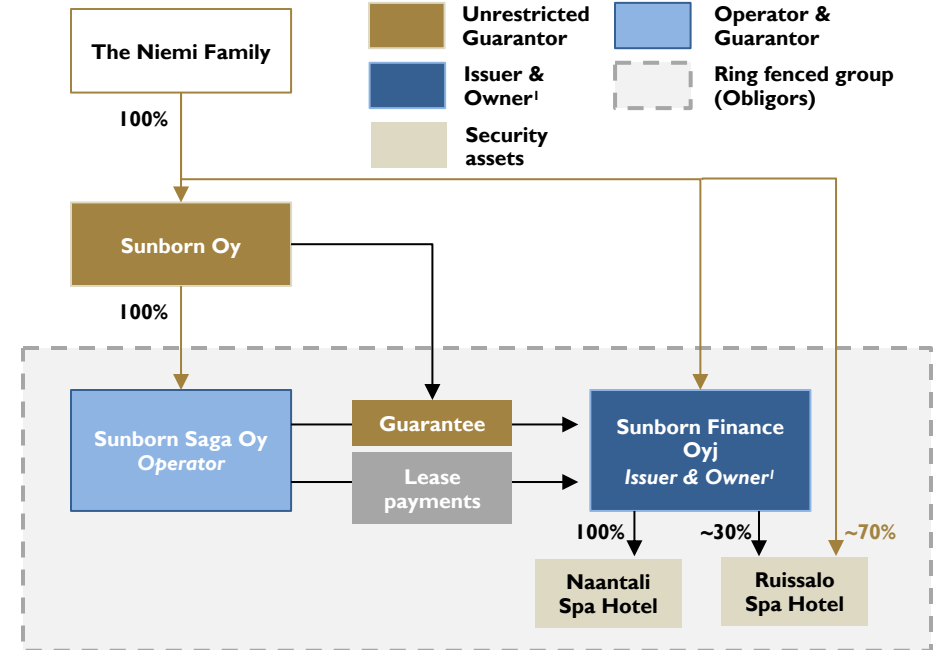
# Original transaction structure overview



## Comments on the transaction 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 Hotel<sup>1</sup> (the remaining part is owned by the Niemi family directly)
  - The hotels have a third party valuation of EUR 84.4m
- 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 totals 278k EUR per month initially (245k EUR related to Naantali Spa Hotel and 33k EUR related to Ruissalo Spa Hotel<sup>2</sup>)
  - 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 is covered by the Operator
  - 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)

## Transaction structure



1) Sunborn Finance Oyj 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 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

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# The properties – Naantali Spa Hotel at a glance



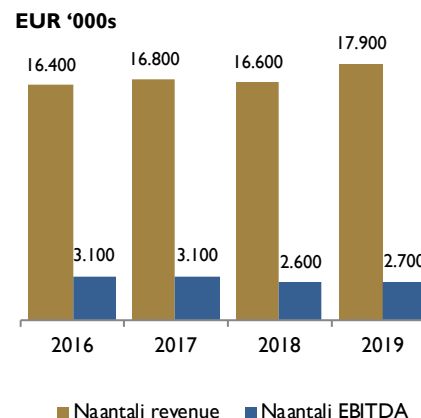
## Overview of the hotel

- 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. Most recently, all hotel rooms in the main building was refurbished during 2017-2019
- The gross internal area of the hotel is 21,950 m<sup>2</sup> including:
  - 218 guest rooms including suites and theme rooms, and 40 ancillary time share apartments
  - 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 fitness centre, water sports, cycling, tennis, two golf courses and mini golf facilities and a private beach
- Named Finland's Leading Hotel at the World Travel Awards in 2019, and is nominated within the categories Europe's Leading Leisure Resort, Finland's Leading Business Hotel, Finland's Leading Hotel, and Finland's Leading Hotel Suite in Unique Theme Suites, at the World Travel Awards in 2020
- The hotel has a long history of stable performance with higher occupancy rates and room rates than Finnish averages and have, in recent years, increased revenue while recovering from the economic slowdown in Finland
- Sunborn's focus has shifted to increase ADR and Occupancy rate which has improved +3.7 % during 2017-2019 and 4.6%, respectively on an average basis

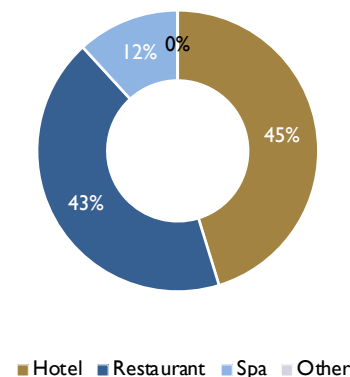
## Naantali Spa Hotel - Finland



## Key financials<sup>1</sup>



## Revenue split 2019<sup>1</sup>



1) Based on unaudited management accounts. EBITDAR before Sunborn Finance Oyj rent and administration cost to Sunborn Oy

# Naantali Spa Hotel at a glance



## Customer satisfaction and Key Performance Indicators

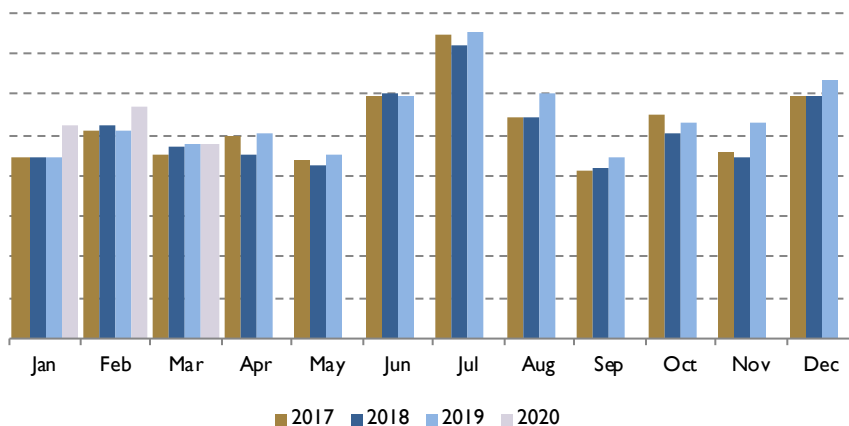
- The Naantali Spa Hotel has high customer satisfaction ratings and has during the years been awarded several domestic and international awards
  - Ranked among the 100 Best Spas in the World
- Customer satisfaction is vital for Naantali Spa Hotel and the high ratings are a testament to the hotel's strong offering, with high average ratings on all major booking sites
- The average room rate has consistently been 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 has increased +3% from 2017 to 2019
- 2020 started off strong, with significant increases in both room rates and occupancy, but in March the COVID-19 situation affected figures

## Customer satisfaction

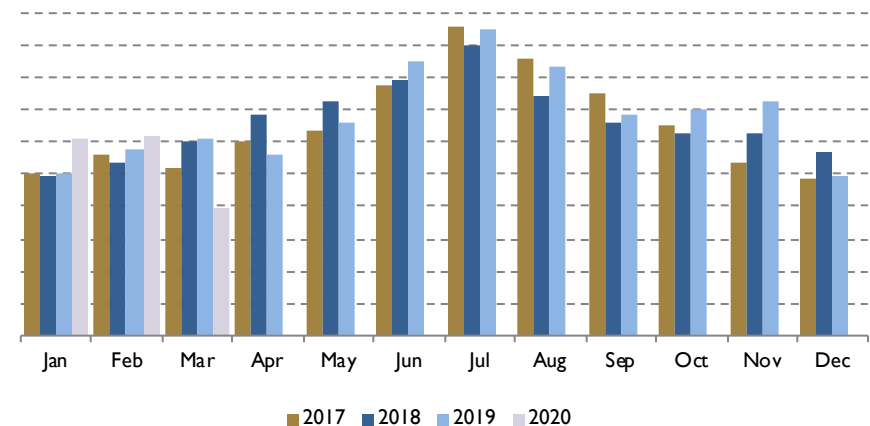
<p><b>8.3 / 10</b> 423 reviews</p> <p>“Great pool area”</p>	<p><b>4.1 / 5</b> 855 reviews</p> <p>“88% of guests recommend this hotel”</p>	<p><b>8.2 / 10</b> 310 reviews</p> <p>“Very good”</p>
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## Average room rate

EUR



## Average occupancy rate



# The properties – Ruissalo Spa Hotel at a glance



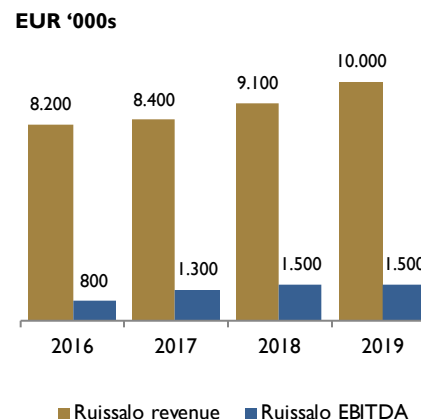
## Overview of the hotel

- 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 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, i.e. the hotel is in good condition
- The gross internal area is 8,891 m<sup>2</sup> distributed over 6 floors including:
  - 171 hotel rooms, of which 41 are superior rooms and 2 Theme Moomin rooms
  - 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. However, from winding down the WW2 program, a larger share of revenue will come 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
- The development recent years has been good, increasing revenue significantly while also improving the EBITDAR margin

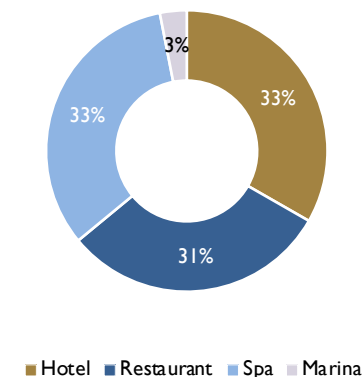
## Ruissalo Spa Hotel - Finland



## Key financials<sup>1</sup>



## Revenue split 2019<sup>1</sup>



1) Based on unaudited management accounts. EBITDAR before Sunborn Finance Oyj rent and administration cost to Sunborn Oy

# Ruissalo Spa Hotel at a glance



## 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
- Average room rate charged has increased gradually since 2015. 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 average room rates and thus profitability per guest
- Occupancy rates from 2017 to 2019 have increased +22.6 %
- The start of 2020 was strong, with higher occupancy whilst room rates remained high, but due to the COVID-19 situation, March figures were negatively affected

## Customer satisfaction

Booking.com

**7.9 / 10**  
956 reviews

“Highly rated by recent guests”

Expedia

**3.7 / 5**  
565 reviews

“90% of guests recommend this hotel”

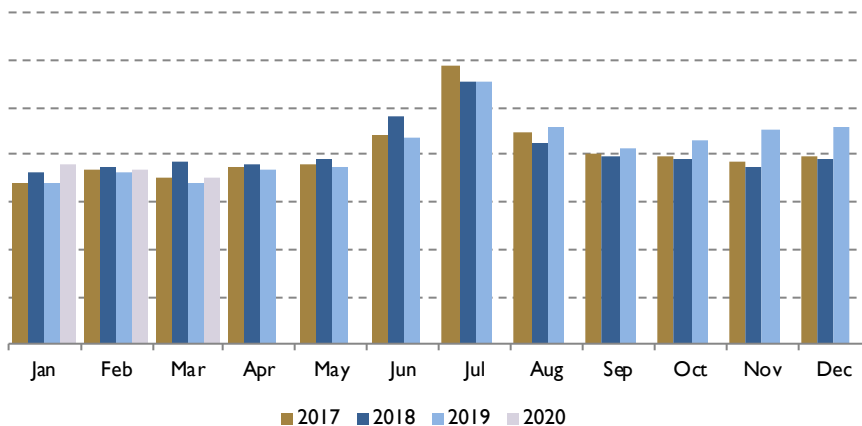
Hotels.com

**7.8 / 10**  
213 reviews

“Good”

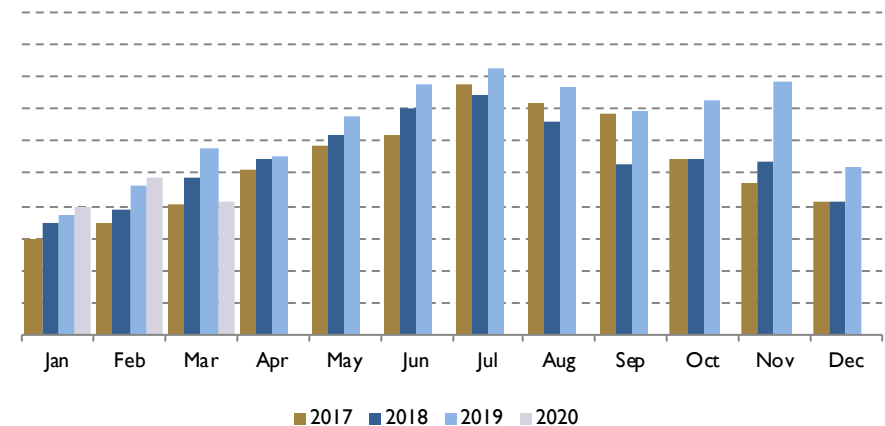
## Average room rate

EUR



## Average occupancy rate

%



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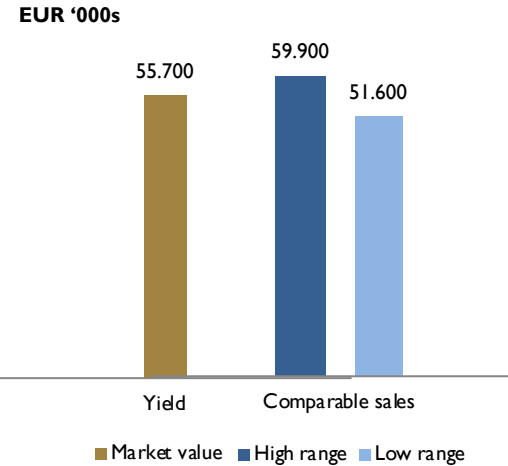
# Third party valuation of the properties indicate a low LTV ratio



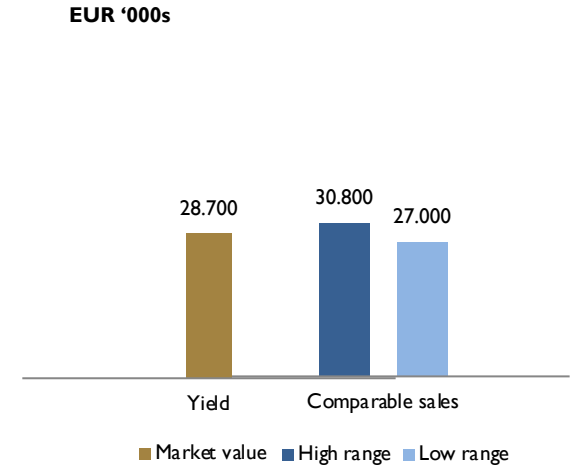
## Description

- Based on a third party valuation of the two properties (performed by Catella Finland in Dec 2019), a market value of EUR 84.4m was assigned, implying a net Loan to Value (net LTV) of ~58% based on borrowings of EUR 50.0m and cash of EUR 1.1m as per 2019
- Valuation of the hotel properties are based on yield value and comparable sales. Since both properties are located in the same city/region and operations are very comparable, the valuation assumptions are similar
  - The yield valuation range is based on a yield of 7% for Naantali and 7.5% for Ruissalo
  - Comparable sales valuation range is based on rental levels for similar operations and applied on the properties' hotel, spa, restaurant and other facilities
- The book value of the two properties is EUR 65.9m in the demerger balance sheet of Sunborn Finance Oyj, i.e. lower than the full value of the properties due to Ruissalo Spa Hotel being partly owned by the Niemi family directly
  - Ruissalo Spa Hotel has a value of EUR 28.7m and the entire property will be pledged to bondholders

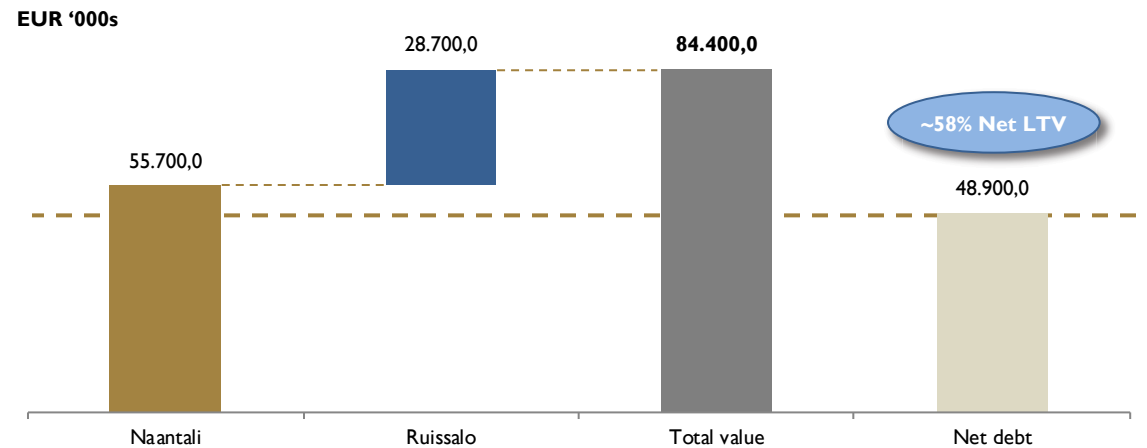
## Valuation of Naantali Spa Hotel



## Valuation of Ruissalo Spa Hotel



## Total value of the two properties and net LTV





# Sunborn Saga Oy (FAS) – Financial statements



## Income statement

EUR '000s	2017	2018	2019
Revenue	25,167	25,672	27,944
Revenue from divested business	1,575	-	-
Other income	388	317	291
<b>Total revenue</b>	<b>27,130</b>	<b>25,989</b>	<b>28,235</b>
Materials, suppliers, and goods	(6,373)	(6,719)	(5,924)
Personnel expenses	(8,953)	(7,855)	(9,736)
Depreciation	(778)	(706)	(643)
Other operating charges	(7,511)	(7,301)	(8,265)
Rents paid to Sunborn Finance Oyj	(2,780)	(3,338)	(3,379)
Administration expenses paid to Sunborn Oy	(680)	(659)	(668)
<b>Total operating expenses</b>	<b>(27,076)</b>	<b>(26,578)</b>	<b>(28,615)</b>
<b>EBIT</b>	<b>54</b>	<b>(589)</b>	<b>(380)</b>
Financial income	1	0	0
Financial expenses	(5)	(2)	(2)
Adjustment items	(42)	655	500
<b>EBT</b>	<b>8</b>	<b>65</b>	<b>118</b>
Income taxes	(9)	(1)	(9)
<b>Net income</b>	<b>(0)</b>	<b>64</b>	<b>109</b>

## Cash flow statement

EUR '000s	2017	2018	2019
<b>Cash flows from operating activities</b>			
Profit before adjustment items and taxes	8	65	118
Depreciation and amortisation	778	706	643
Income taxes	(9)	(1)	(9)
Change in current receivables	16	(106)	540
Change in inventories	711	100	38
Change in current non-interest-bearing liabilities	782	(213)	387
<b>Net cash flows from operating activities</b>	<b>2,288</b>	<b>551</b>	<b>1,716</b>
<b>Cash flow from investing activities</b>			
Change in tangible and intangible assets	(1,059)	593	(382)
<b>Net cash flow from investing activities</b>	<b>(1,059)</b>	<b>593</b>	<b>(382)</b>
<b>Cash flows from financing activities</b>			
Change in non-current receivables	(1,055)	(883)	(356)
Change in long-term borrowings	(69)	(138)	167
<b>Net cash flows from financing activities</b>	<b>(1,125)</b>	<b>(1,021)</b>	<b>(189)</b>
Cash and cash equiv. at the beginning of period	325	430	554
<b>Change in cash and cash equiv.</b>	<b>104</b>	<b>124</b>	<b>1,144</b>
<b>Cash and cash equiv. at the end of period</b>	<b>430</b>	<b>554</b>	<b>1,698</b>

## Balance sheet

EUR '000s	2017	2018	2019
<b>Assets</b>			
<b>Non-current assets</b>			
Other capitalised long-term expenditure	2,458	1,932	1,435
Machinery and equipment	303	378	529
Advance payments	844	-	26
Receivables from Group companies	3,912	4,805	5,061
Other non-current assets	23	8	67
<b>Total non-current assets</b>	<b>7,540</b>	<b>7,123</b>	<b>7,118</b>
<b>Current assets</b>			
Raw materials and supplies	186	152	176
Goods	309	243	181
Accounts receivable	1,290	1,498	1,284
Prepaid expenses and accrued income	163	398	110
Other current assets	517	180	143
Cash and bank receivables	430	554	1,698
<b>Total current assets</b>	<b>2,894</b>	<b>3,025</b>	<b>3,592</b>
<b>Total assets</b>	<b>10,434</b>	<b>10,148</b>	<b>10,710</b>
<b>Shareholders' equity</b>			
Share capital	3	3	3
Reserve for invested non-restricted equity	100	100	100
Retained earnings	29	29	93
Profit for the period	(0)	64	109
<b>Total shareholders' equity</b>	<b>131</b>	<b>195</b>	<b>304</b>
<b>Non-current liabilities</b>			
Other non-current liabilities	4,705	4,567	4,634
<b>Total non-current liabilities</b>	<b>4,705</b>	<b>4,567</b>	<b>4,634</b>
<b>Current liabilities</b>			
Debt to Group companies	207	421	96
Short-term advance payments	1,692	1,912	2,610
Short-term accounts payable	1,908	1,085	1,299
Other liabilities	433	631	342
Accrued liabilities and deferred income	1,359	1,336	1,425
<b>Total current liabilities</b>	<b>5,598</b>	<b>5,386</b>	<b>5,772</b>
<b>Total liabilities</b>	<b>10,303</b>	<b>9,952</b>	<b>10,406</b>
<b>Total liabilities and shareholders' equity</b>	<b>10,434</b>	<b>10,148</b>	<b>10,710</b>

Note: Unaudited 2019 figures

# Sunborn Finance Oyj (IFRS) – Financial statements



## Income statement

EUR '000s	2017 <sup>1</sup>	2018 <sup>2</sup>	2019
Rental income	2,782	3,894	3,379
Other service income	89	242	245
<b>Total Income</b>	<b>2,871</b>	<b>4,136</b>	<b>3,625</b>
Changes in fair value of investment property	(622)	(2,909)	608
Personnel expenses	(86)	(319)	(255)
Operating expenses	(333)	(523)	(564)
<b>Total operating expenses</b>	<b>(1,041)</b>	<b>(3,751)</b>	<b>(211)</b>
<b>EBIT</b>	<b>1,830</b>	<b>386</b>	<b>3,413</b>
Interest expenses on borrowings	(5,971)	(4,548)	(2,746)
<b>EBT</b>	<b>(4,140)</b>	<b>(4,162)</b>	<b>668</b>
Income tax expense	-	-	-
Change in deferred tax	370	832	(134)
<b>Net income</b>	<b>(3,770)</b>	<b>(3,330)</b>	<b>534</b>

## Cash flow statement

EUR '000s	2017 <sup>1</sup>	2018 <sup>2</sup>	2019
<b>Cash flows from operating activities</b>			
Profit before tax	(4,140)	(4,162)	668
Adjustments for:			
Change in fair value of investment property	622	2,909	(608)
Interest expense on borrowings	5,971	4,548	2,746
Changes in working capital:			
Change in trade and other receivables	285	79	518
Change in trade and other payables	(212)	11	(661)
<b>Net cash flows from operating activities</b>	<b>2,526</b>	<b>3,384</b>	<b>2,663</b>
<b>Cash used in investing activities</b>			
Capital expenditure	-	(2,909)	(1,159)
<b>Net cash flows used in investing activities</b>	<b>-</b>	<b>(2,909)</b>	<b>(1,159)</b>
<b>Cash flows from financing activities</b>			
Land lease agreement	-	-	(47)
Proceeds from borrowings	-	50,000	-
Repayment of borrowings from parent company	-	(44,028)	-
Contribution from / (to) Sunborn Oyj	272	-	-
Transactions costs paid	(175)	(2,648)	-
Interest paid	(2,623)	(3,018)	(2,459)
<b>Net cash flows from financing activities</b>	<b>(2,526)</b>	<b>306</b>	<b>(2,505)</b>
Cash and cash equiv. at the beginning of period	-	1,328	2,110
<b>Change in cash and cash equiv.</b>	<b>-</b>	<b>782</b>	<b>(1,002)</b>
<b>Cash and cash equiv. at the end of period</b>	<b>-</b>	<b>2,110</b>	<b>1,108</b>

## Balance sheet

EUR '000s	2017 <sup>1</sup>	2018 <sup>2</sup>	2019
<b>Assets</b>			
<b>Non-current assets</b>			
Investment property	63,500	63,500	65,914
<b>Total non-current assets</b>	<b>63,500</b>	<b>63,500</b>	<b>65,914</b>
<b>Current assets</b>			
Receivables from related party	601	25	-
Other receivables	-	497	4
Cash and cash equivalents	-	2,110	1,108
<b>Total current assets</b>	<b>601</b>	<b>2,631</b>	<b>1,112</b>
<b>Total assets</b>	<b>64,101</b>	<b>66,131</b>	<b>67,027</b>
<b>Shareholders' equity</b>			
Invested equity	8,376	-	-
Share capital	-	3	80
Reserve for invested unrestricted equity	-	6,716	6,638
Retained earnings	-	(344)	190
<b>Total shareholders' equity</b>	<b>8,376</b>	<b>6,375</b>	<b>6,909</b>
<b>Non-current liabilities</b>			
Borrowings	-	48,883	49,130
Lease liabilities	-	-	635
Deferred income tax liabilities	10,412	9,579	9,712
<b>Total non-current liabilities</b>	<b>10,412</b>	<b>58,462</b>	<b>59,477</b>
<b>Current liabilities</b>			
Borrowings	44,379	-	7
Trade and other payables	2	118	172
Payables to related party	622	730	30
Accrued expenses	311	447	433
<b>Total current liabilities</b>	<b>45,314</b>	<b>1,295</b>	<b>641</b>
<b>Total liabilities</b>	<b>55,726</b>	<b>59,757</b>	<b>60,118</b>
<b>Total liabilities and shareholders' equity</b>	<b>64,101</b>	<b>66,131</b>	<b>67,027</b>

1) Demerger from Sunborn Oyj in 2017, figures refer to the period January 1 2017 – October 31 2017, 2) Figures refer to the period November 1 2017 – December 31 2018 Note: Audited 2017 and 2018 figures, unaudited 2019 figures

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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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## 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: FI4000292750 (the "**Bonds**") issued by Sunborn Finance Oyj (the "**Issuer**"). A number of risk factors and uncertainties may adversely affect the Issuer and/or Sunborn Saga Oy (the "**Operator**") (the Issuer and the Operator are jointly referred to as the "**Companies**"), as well as the Naantali Spa Hotel and the Ruissalo Spa Hotel operated by the Operator (the Naantali Spa Hotel and the Ruissalo Spa Hotel are jointly referred to as the "**Hotels**"). 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 Operator and Sunborn Oy (the "**Unrestricted Guarantor**", and together with the Operator the "**Guarantors**") 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 Proposal. The statements in these risk factors are made as at 15 May 2020.

All references to "**Sunborn Group**" refers to the Unrestricted Guarantor and its subsidiaries on a consolidated basis.

### 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 Issuer, the Operator and any other Group Company 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 hotel lease agreements 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

### 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.



## **The Coronavirus disease 2019 (COVID-19) outbreak may have a negative impact on the Issuer and the Guarantors 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 Finland. 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 Ruissalo Spa Hotel has been temporarily closed from 19 March 2020 and the majority of the operations in the Naantali Spa Hotel has been temporarily closed from 25 March 2020. Therefore, the Operator's income is currently reduced by approximately 98 per cent.

As a response to the COVID-19 outbreak, the Finnish government has inter alia, imposed restrictions on public meetings and gatherings to a maximum of 10 individuals, closed the Finnish borders to non-residents and restricted travels to and from the Uusimaa region surrounding the capital city Helsinki. Given the rapid and evolving nature of the COVID-19 outbreak it is impossible to determine its ultimate impact on the Issuer and Guarantors, but the types of measures taken by the Finnish 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 Issuer's and Guarantors' business, earning and financial position.

The Issuer and Guarantors 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 Issuer's and Guarantors' business operations, financial condition and results of operations, and thereby, on Issuer's and Guarantors' ability to fulfil their respective obligations under the Bonds as well as the market price and value of the Bonds.

Risk rating: High

## **Credit risk in relation to the Operator**

As of 31 December 2019 EUR the Issuer had no receivables from Sunborn Saga Oy, a Guarantor under the Bonds. The Issuer assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets are impaired. The Issuer has leased the Hotels to Operator under a long-term lease. The lease receivables create 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 however since the year end substantially increased as a result of the Operator's deteriorating financial condition due to the COVID-19 pandemic.

If the lease receivables from Operator or other financial assets are impaired, it could have 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.

Risk rating: High

## **Discontinuance of government and corporate-sponsored rehabilitation or wellness programs may affect the profitability of the Hotels' business**

The Hotels, especially the Ruissalo Spa Hotel, offer services to customers within government and corporate sponsored rehabilitation or wellness programs, such as rehabilitation of occupational diseases and working with veterans. The Issuer and the Operator benefit from such programs as these programs finance customers' visits to the Hotels. There is a risk that changes in legislation or policy regarding government spending could have a negative effect on the availability and terms of such programs. In addition, the number of war veterans reduces each year, affecting the number of war veterans eligible for government and corporate sponsored rehabilitation or wellness programs. The Operator's veteran rehabilitation revenues may therefore be reduced in the future. Should any of the above risks materialise, it could have an adverse effect on the Operator's ability to perform its lease payment obligations, 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.

Risk rating: High



## **General market and political conditions and economic fluctuations may have a negative impact on the Issuer and the Guarantors 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 Issuer and Guarantors, changes in perceptions of foreign guests due to terrorism or environmental damage and Issuer's and Operator's 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 Finnish market operators. Changes in general economic conditions may have an impact both on the demand of hotel properties in Finland and on the Operator's domestic and international customers' ability to pay the value of the services provided in the Hotels. 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 Hotels.

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

Risk rating: High

## **The Issuer and the Guarantors 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 Guarantors' business**

The Issuer's operation is limited to the ownership of the Hotels, which both include hotel rooms, spa, restaurants, bars and conference spaces. The Issuer has entered into a lease agreement with the Operator, whereby the Operator operates and manages the Hotels. The Unrestricted Guarantor also operates in the hospitality industry.

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 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 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 Issuer and Guarantors.

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

Risk rating: Medium

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

Under the Hotels' lease agreement, the 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, 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.

Risk rating: Medium

## **Failure of the Issuer and Guarantors to continuously maintain and improve the Hotels may affect the profitability of the Hotels' business**

In order to stay competitive, the Issuer and Operator need to continuously maintain and improve the Hotels. 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. The Issuer and Operator are obligated under their lease agreement to make certain capital expenditures, which are dependent on their ability to generate and/or borrow sufficient amount of funds in order to finance such investments.

Should the Issuer and Operator be unable to fund the capital expenditure program or should such investments be delayed, require significantly more than expected costs or prove to be commercially unsuccessful, it could decrease the demand for the Hotels' services and decrease Operator's (and in turn, the Issuer's) income. Consequently, this could have an adverse effect on the Issuer's and the Operator's business, earning and financial position, and thereby, on the Issuer's and the Operator's ability to fulfil their respective obligations under the Bonds, as well as the market price and value of the Bonds

Risk rating: Medium





## **The Issuer is dependent on 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 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.

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 Guarantors 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.

Risk rating: Medium

## **Insufficient insurance coverage may adversely affect the Issuer's and the Guarantors' financial position**

The Issuer and the Guarantors 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 Guarantors fail to maintain adequate insurance coverage on acceptable terms, or at all. Furthermore, the insurance coverage maintained by the Issuer and the Guarantors 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 Issuer's and Guarantors' operations and financial position, as well as the Issuer's and the Guarantors' ability to fulfil their respective obligations under the Bonds, as well as the market price and value of the Bonds.

Risk rating: Low

## **Technical and political risks related to the nature of property ownership may lower the Hotels' values**

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 Hotels. Furthermore, the Issuer is subject to political risks because the local municipalities in Finland have planning monopoly (Sw. planmonopol), which means that the municipalities alone may decide how and for what purpose a land area within the municipality shall be exploited. Shift in political powers and/or local opinion may affect the Issuer's ability to exploit the Hotels. Should the Issuer encounter any technical or political issues in relation to the Hotels 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 operations, financial position, earnings and results, as well as the market price and value of the Bonds.

Risk rating: Low

## **Unique risks of the Ruissalo Spa Hotel may lead to financial losses and liabilities related to Issuer's interest in this hotel**

The Ruissalo Spa Hotel is situated in a nature protection area in Turku, which may restrict the Issuer's possibilities to develop and exploit the property in the future, which in turn could affect the valuation of the Ruissalo Spa Hotel and have a negative impact on the Issuer's operations, earnings and results. Such restrictions could concern, without limitation, expanding or changing any buildings or structures on the Ruissalo Spa Hotel or operations which may affect the environment in the surrounding areas.

The land lease arrangement related to the Ruissalo Spa Hotel, where the relevant area is leased by the private persons Ritva and Pekka Niemi rather than by the Issuer or the Operator who conduct business operations on the Ruissalo leasehold area, can be considered to deviate from market practice in Finland and includes risks relating to the compliance with the terms of the land lease agreement as the lessees are private persons. If the lessee is in breach of the terms of the land lease agreement, the landlord may have a right to terminate the land lease agreement or demand damages or contractual penalties from the lessee.

Development of the abovementioned factors related to the Ruissalo Spa hotel could have an indirect material adverse effect on the Issuer's business, financial position, results of operations and future prospects and thereby, on Issuer's ability to fulfil its obligations under the Bonds, as well as the market price and value of the Bonds.

Risk rating: Low



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

According to the polluter-pays principle established under Finnish environmental law, the operator who has contributed to contamination will be responsible for the remediation of the pollution. Secondly, if the polluter is not able to fulfil its obligation to remediate the contamination (e.g. due to bankruptcy or because the polluter is unknown), the possessor (i.e. an owner or occupier) of the property where the contamination is located, is potentially liable for the remediation. Both the Naantali Spa Hotel parking property and the land on which the Ruissalo Spa Hotel is located have entries in the Finnish soil condition database (Fi. maaperän tilan tietojärjestelmä) indicating that there may be or has been some activity which may cause or have caused soil contamination on such properties. Thus, the Issuer and/or the Operator may become liable for remediation costs pertaining to soil contamination on such properties. There is a possibility that there are other environmental issues on the properties on which the Hotels are located, causing a risk that the Issuer and/or the Operator will be subject to claims by public authorities or third parties as a result of environmental, technical or other damages related to such properties. Should any of the above risks materialise, it could 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 and the Operator's ability to fulfil their respective obligations under the Bonds, as well as the market price and value of the Bonds.

Risk rating: Low

## **Governmental, legal and arbitration proceedings can have a material adverse effect on Issuer and Guarantors**

Neither the Issuer nor the Guarantors are currently involved in governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer or the Guarantors are aware), which may have, or may have had in the recent past, significant effects on the Issuer's or the Guarantors' business operations and/or their financial position or profitability. However, the Issuer and the Guarantors are exposed to different types of legal risks in its business. And therefore, it is possible that the Issuer or the Guarantors 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 Issuer's and the Guarantors' business, financial position, results of operations and future prospects and thereby, on the Issuer's and the Guarantors' ability to fulfil their respective obligations under the Bonds, as well as the market price and value of the Bonds.

Risk rating: Low

## **Fair market value of the Hotels may fluctuate**

The Hotels are classified as investment property in the Issuer's financial statements. The fair market value of the Hotels was approximately EUR 65.9 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, 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.

Risk rating: Low

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

The Operator is dependent on having functioning IT-systems to conduct its operations. The 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 Operator and 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 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 the 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 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, as well as the market price and value of the Bonds.

Risk rating: Low



## **Risks relating to the Operator's employees may increase Operator's costs of managing the Hotels**

The Operator's future development depends largely on the skills, experience and commitment of its employees. Therefore, it is important for the Operator's business activities and development that the Operator is able to retain and, where necessary, also recruit competent employees. Some of the Operator's employees are members of trade unions. If the Operator's relationships with the employees and/or the affiliated trade unions deteriorate, the Operator may suffer business interruptions due to strikes or employment litigations. The Operator has in the past taken labour restructuring measures, and such measures could trigger or exacerbate any strikes or other work stoppages. 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 Operator's ability to perform its lease payment obligations, and thereby, on the Companies' ability to fulfil their obligations under the Bonds, as well as the market price and value of the Bonds.

Risk rating: Low

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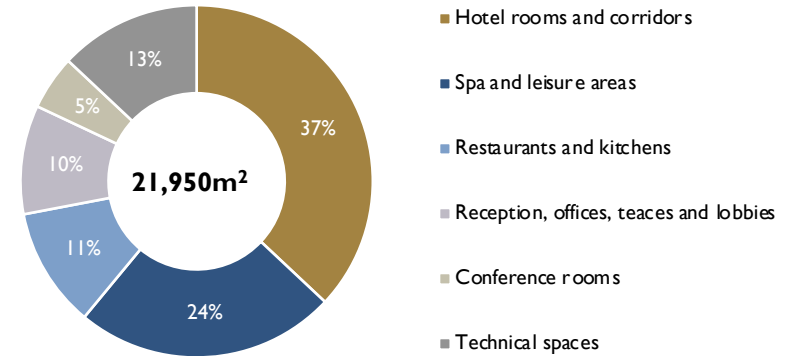
# Naantali property details (1/2)



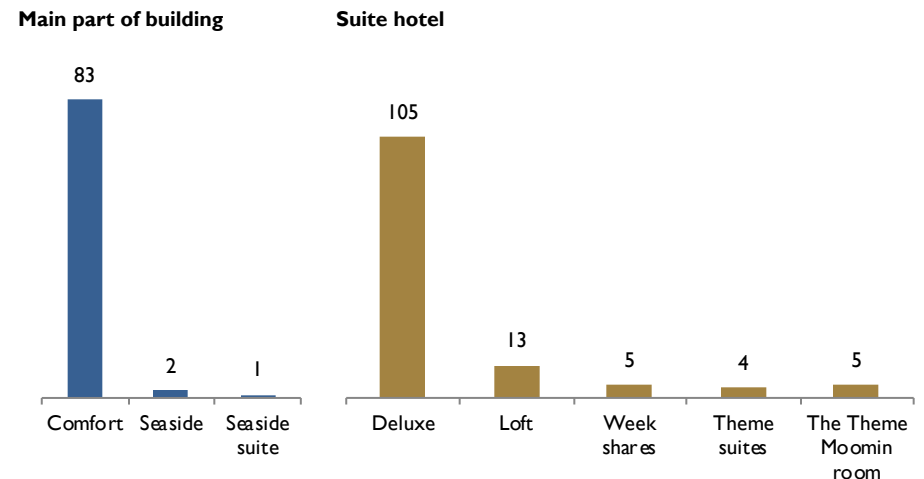
## Technical overview

- The property is a 4-storey hotel and spa building featuring 218 guest rooms located on the floors 2, 3 and 4. In addition to hotel and conference rooms the hotel comprises of spa and treatment facilities, restaurants and spaces supporting the hotel business. The highest allowed gross floor area is 25,200m<sup>2</sup>
- The property was first opened in 1984 and an extension was opened in 1992. Reparations have been carried out consistently and the resort is in good condition
- The building is founded partly on bedrock and partly on piles. The foundation bases are made of reinforced concrete and the base floors are ground-supported reinforced concrete slabs. The building has partly bitumen felted flat roof and partly metal sheet covered ridged roof. The external walls are mainly covered with bricks. The windows of the building are mainly triple- and double-glazed with metal frames
- The used internal materials include marble and parquet. Most of the hotel rooms are recently renovated
- The spa premises are from the year of construction but are, however, in good/satisfactory condition. Technical systems of the swimming pool area are in good condition
- The property is connected to the municipal network district heating network and to the municipal network of domestic water and sewage system. The building has mechanical supply air and exhaust air ventilation. Ventilation has cooling and heat recovery
- The highest allowed gross floor area is 25,200m<sup>2</sup>. The unused building right on the plot is ~3,250m<sup>2</sup>, i.e. possibility to enlarge the building
- The main parking area with 211 parking spaces is situated right next to the hotel on a separate LPA area. Some parking spaces are situated on the other side of the road, only ~100 meters from the property

## Area by use



## Rooms



# Naantali property details (2/2)



## Conference & Ballroom facilities

- 17 spacious and versatile conference rooms offering modern conference technology for 10 to 450 people (small team meetings to large international congresses)
- Magnificent ballroom for max. 450 persons
- Salakapakka cabinet room for 30 persons
- Seaview Lounge banquette room for dinners of 80 or cocktail events of up to 100 guests

## Restaurant & Café services

- Le Soleil – à la carte and buffet restaurant combining European and Asian cuisine
- Paviljonki – Seaside à la carte / buffet meals and entertainment restaurant, open by reservation
- Thai Garden – Thai restaurant offering authentic and award-winning Thai cuisine
- Tammikellari – Cosy grill (pizza and steak) restaurant for the whole family
- Tammikellari's cabinet – Extension of restaurant and a private cabinet area
- TK's Lounge – Stylish night club for spending evenings and for socializing
- Café Roma – Lobby café with fresh bakery products and ice cream, available for takeaway as well
- Lobby bar – Cocktail bar in the lobby
- Katariinasali – Dining hall / venue for special occasions
- Wine cellar for tastings and course

## Spa & Wellness area

- Wide selection of health treatments such as Balinese and Hot Stone massage, peat and clay therapy, Indian relax treatment and classical and sports massage
- The beauty salon Bellezza – full service spa and beauty salon offering dozens of facial and body therapies including signature treatments such as Sculpt Zone and 3D Wrinkle
- A modern fitness center
  - A new, modern gym with digitally programmed equipment, dedicated aqua and other fitness classes and professional personal trainers

# Ruissalo property details (1/2)



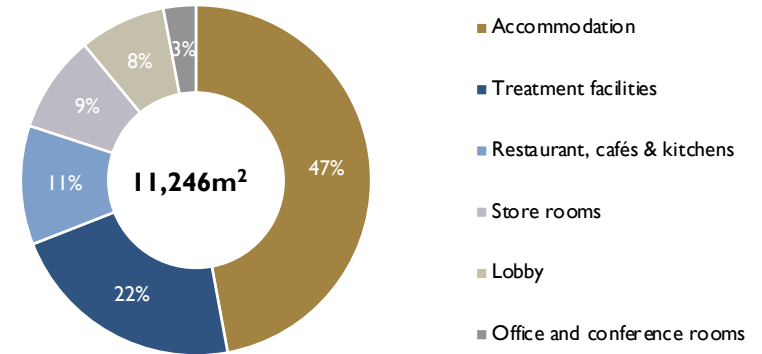
## Technical overview

- The property is a 3-5-story hotel and spa building with one basement floor. The main building features 171 hotel rooms, a large spa/pool area, restaurant and a large kitchen, a fitness centre, conference rooms and health treatment rooms. There are a variety of conference venues for up to 240 delegates. The gross internal area of the hotel is 11,246m<sup>2</sup>
- The hotel was first opened in 1972 and phase two in 1974. The pool-, spa- and sauna world was rebuilt in 2003 and the extension with mini suites was opened in 2004. The facilities have been previously renovated during the extension in 2003/2004, and 60 rooms have been renovated in 2017
  - Most of the 171 rooms have sea views. 43 of the rooms are newer, elegant and spacious mini suites, of which 41 are mini suites and 2 are The Theme Moomin rooms

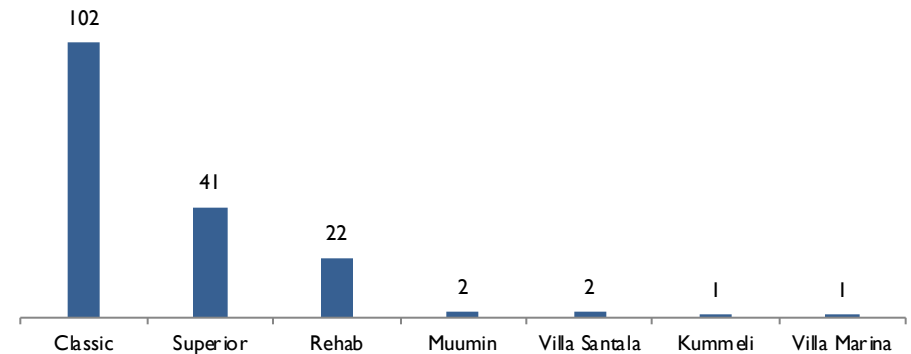
## Ruissalo rehabilitation services

- Ruissalo Spa is one of the largest private health care and wellness centres in Finland employing over 70 specialists in multi-professional teams. The Institute is providing rehabilitating services after serious injuries, cardio- and cerebrovascular, orthopedically and neurological conditions
- The facility is producing services as partner for KELA (Finnish Social Insurance Institution), the welfare division of Turku municipality and numerous healthcare associations
- The facility has a special in-house Institute with accessible barrier free rooms located in the 1<sup>st</sup> floor of the main building with 24/7 professional health services provided. Ruissalo Spa is a link between hospital and home
- Ruissalo Spa has offered occupational therapies for working age population already over 40 years ago. The multi-professional teams include e.g. physicians, nurses, psychologists, occupational therapists, physical education instructors and personal trainers, dieticians and physiotherapists etc.

## Area by use



## # of rooms



# Ruissalo property details (2/2)



## Conference facilities

- 8 versatile conference rooms offering modern conference technology for 10 to 180 people
- Conference facilities are situated in the first, second and sixth floor
- Sixth floor provides versatile conference and meeting facilities for 150 delegates plus two cabinets for 20 delegates each

## Restaurant & Café services

- Merisali, main restaurant at entrance floor, provides seaside view seating for 240 customers.
- Kapteeninsali, restaurant on the sixth floor, offers sea view over the archipelago and seating 150 customers and cabinets for 40 customers
  - Restaurant is available by reservation and popular venue for private party and wedding receptions
- Spa Café in the main lobby with 70 seats at entrance floor is offering drinks, snacks and own bakery cakes
  - Outside terrace has seating for 100 customers
- Bar at spa area offers drinks and snacks

## Spa, Rehabilitation & Wellness area

- One of the largest private health care and wellness centres in Finland employing over 70 specialists in multi-professional teams
- Facility is producing services as partner for KELA (Finnish Social Insurance Institution)
- Special in-house Institute with accessible barrier free rooms with 24/7 professional health services provided
- 3 Finnish sauna departments + 1 for private rental
- 3 pools, one of which a Roman hot pool
- Private beach with the possibility for ice swimming during winter, access directly from pool & spa area
- A wide selection of health therapies and treatments
- Beauty parlor, including manicures, pedicures, facial treatments with quality international cosmetic brands
- A modern fitness center and gym with professional personal trainers
- Body composition analysis and physical fitness test programs



# Summary of the lease agreement



Lessor	Sunborn Finance Oyj (Finance)
Lessee	Sunborn Saga Oy (Saga)
Lease period	10 years (termination date 2027-11-01)
Lease fee	<ul style="list-style-type: none"> <li>The lease fee of the hotels beginning from the date of this Presentation is EUR 33,600 (VAT 0%) per month for Ruissalo Spa Hotel and EUR 249,868 (VAT 0%) per month for Naantali Spa Hotel. The total lease fee is EUR 283,468 per month</li> <li>The lease fee shall be adjusted annually in December based on the changes in the Finnish cost-of-living index (October 1951 = 100) and Saga shall pay the adjusted lease fee automatically as of the beginning of January following each adjustment. However, the lease fee will not be reduced as the result of a decrease in the index value</li> </ul>
Alienation	Saga has no right to transfer this Agreement to the third party, commit to sub tenancy agreement fully or partially or otherwise transfer or alienate the possession of the hotels or the hotel services fully or partially to a third party without a prior written consent of Finance
Obligations	<ul style="list-style-type: none"> <li>The agreement is a triple net lease agreement. The Hotels are leased to Saga who operates the business and produces all the services of the Hotels. Finance is only liable for land lease payments under the land lease agreement, real estate taxes and customary full value property insurances for the hotels and renovations of the “roof and shell” of the hotels</li> <li>Saga undertakes to maintain, at its own cost, all the other things necessary for the proper maintenance, management and operation of the Hotels and take care of, among other things, the service and maintenance of the premises, the repairs and replacements of the real estate and the following: maintaining the Hotels, the surrounding area and all the services of the Hotels according to a quality hotel standards; paying all outgoings including but without limitation, energy, gas, water, all sewage, grey water, telephone, IT and other connections costs, all goods and services used in the operation of the Hotels, all employees costs and costs to the municipalities, maintaining all the safety certificates of the Hotels and operating the Hotels in accordance with all applicable laws as well as authorities regulations, operating the Hotels in accordance with the proper accounting procedures and bookkeeping at all times etc.</li> </ul>
Insurance	<ul style="list-style-type: none"> <li>Finance undertakes to take and obtain customary full value property insurances in relation to the hotels at its own cost</li> <li>Saga agrees to take out a due property insurance at its own expense for its own assets, or for the assets of a third party at its possession, located at the hotels, as well as to take out the due liability or interruption insurances concerning its business and to ensure that the coverage of the said insurances is effective for the entire duration of the lease period. In addition, Saga is obligated, at its own expense, to take out all other insurances required by its operations</li> </ul>
Governing law	Finnish Law

# Insurance overview



## Sunborn Saga

Cover	Type	Amount (EUR)	Frequency
<b>Legal protection LEI</b>	Covers policyholder against the potential costs of legal action brought by or against the policyholder	50,000	per incident
<b>Public and product liability</b>	Covers the cost of compensation for: personal injuries, loss of or damage to property	1,000,000	per incident
<b>Business Interruption</b>	Protects against interruption of operations due to insurable event of the properties or machinery therein	23,000,000	per annum
<b>Property - Naantali</b>	All risks insurance for Naantali FF&E and Inventory and cash at premises incl. third party property	6,379,000	
<b>Property - Ruissalo</b>	All risks insurance for Ruissalo FF&E and Inventory and cash at premises incl. third party property	3,717,800	
<b>Terrorism</b>	Covers incidents of terrorism	1,000,000	per annum
<b>Terrorism - Naantali additional cover</b>	Covers incidents of terrorism, additional cover for loss of rental income	3,000,000	per annum

## Sunborn Finance

Cover	Type	Amount (EUR)	Frequency
<b>Legal protection LEI</b>	Covers policyholder against the potential costs of legal action brought by or against the policyholder	50,000	per incident
<b>Public liability</b>	Covers the cost of compensation for: personal injuries, loss of or damage to property	1,000,000	per incident
<b>Product Liability</b>	Protects against claims of personal injury or property damage caused by products sold or supplied	500,000	per incident
<b>Property: Naantali Spa Hotel</b>	All risks, full rebuild value insurance	76,358,800	
<b>Property: Naantali awnings and marina pier</b>	All risks, full rebuild value insurance	104,300	
<b>Property: Ruissalo Spa Hotel</b>	All risks, full rebuild value insurance of main hotel and extension	38,576,700	
<b>Property: Ruissalo Spa Hotel</b>	All risks, full rebuild value insurance of Office Building Villa Santala	1,037,100	
<b>Property: Ruissalo Spa Hotel</b>	All risks, full rebuild value insurance of BBQ awning	27,700	
<b>Property: Ruissalo Spa Hotel</b>	All risks, full rebuild value insurance of exterior storage sheds and garbage holding	22,800	
<b>Property: Ruissalo Spa Hotel</b>	All risks, full rebuild value insurance of piers and other structures	417,700	
<b>Property: Ruissalo Spa Hotel</b>	All risks, full rebuild value insurance of parking area	104,300	
<b>Property: Ruissalo Spa Hotel</b>	All risks, full rebuild value insurance of postal franking machine	7,900	
<b>Rental income interruption</b>	18 month rental income interruption insurance	3,737,824	

# sunborn



**Sunborn Group**

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