Sunborn Gibraltar Senior Secured Bond

Investor Presentation – June 2022

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

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Proposed changes to the amended Terms & Conditions

Background

The Issuer has faced several non-company related headwinds during the last couple of years, such as Brexit, Monarch Airline's bankruptcy and several waves of Covid-19 with severe impact due to full lock downs in the UK which stands for the highest number of visitors. While Sunborn Gibraltar has shown resilience by enduring these events evidenced by its timely payment of all coupons, it has not had the opportunity to show its full potential for years.

The Sunborn Gibraltar hotel is now expecting a record summer and autumn season. Occupancy rates are continuing to recover towards pre-pandemic levels for every quarter and ADRs ("average daily room rate") have fully recovered since the pandemic.

Despite the positive development already seen in the hotel's key performance indicators, reported numbers and the positive hotel market sentiment, most recent financials are still affected by the Covid-19 pandemic on rolling twelve months basis due to the Omicron wave. This in combination with an overall volatile debt capital markets and the upcoming summer holidays in the Nordics makes the timing of refinancing of the outstanding bond not ideal for Issuer. The Issuer therefore asks its Bondholders for continued support and to allow the Issuer a chance to show its full potential and thus giving the Issuer an opportunity to find a long-term financing at fair terms.

Ask

1. **Maturity extension**
    1. The Final Maturity Date of the bond to be extended by 18 months, resulting in a Final Maturity Date of 5th March 2024

Give

1. **Increased final redemption price**
    1. 6th September 2022 until 5th November 2023: 102.5
    2. 6th November 2023 until 5th March 2024: 104.0
2. **Amendment fee**
    1. Fee from 2020 amendment process (50 bps) to be paid upfront when the new amendment proposal is approved
    2. New amendment fee of 50 bps to be paid at maturity/redemption
3. **Enhanced Security Package from the 2020 amendment process to remain**
    1. There will be no changes to the enhanced the Security Package that was introduced in the previous amendment i.e. Guarantees from Sunborn International Holding Oy (the yacht hotel Group parent company owning the Sunborn Gibraltar and Sunborn London hotels), as well as an Equity Injection upon disposal of the Gilleleje asset - 50% of the net proceeds from a sale to a 3rd party
4. **Eliminate all leakage from the ring-fenced group**
    1. The Incurrence Tests will be removed for Restricted Payments and debt incurrence, i.e. no Restricted payments or additional debt allowed during the extended maturity
    2. No management fees to be paid during the extended maturity
    3. Excess cash flow to be put into a pledged Bonds Buy Back Account
    4. The above measures will mean no cash-outflows from the ring-fenced group and a cash build-up of any excess cash flows not needed to handle the business operational and seasonal swings

Transaction structure overview

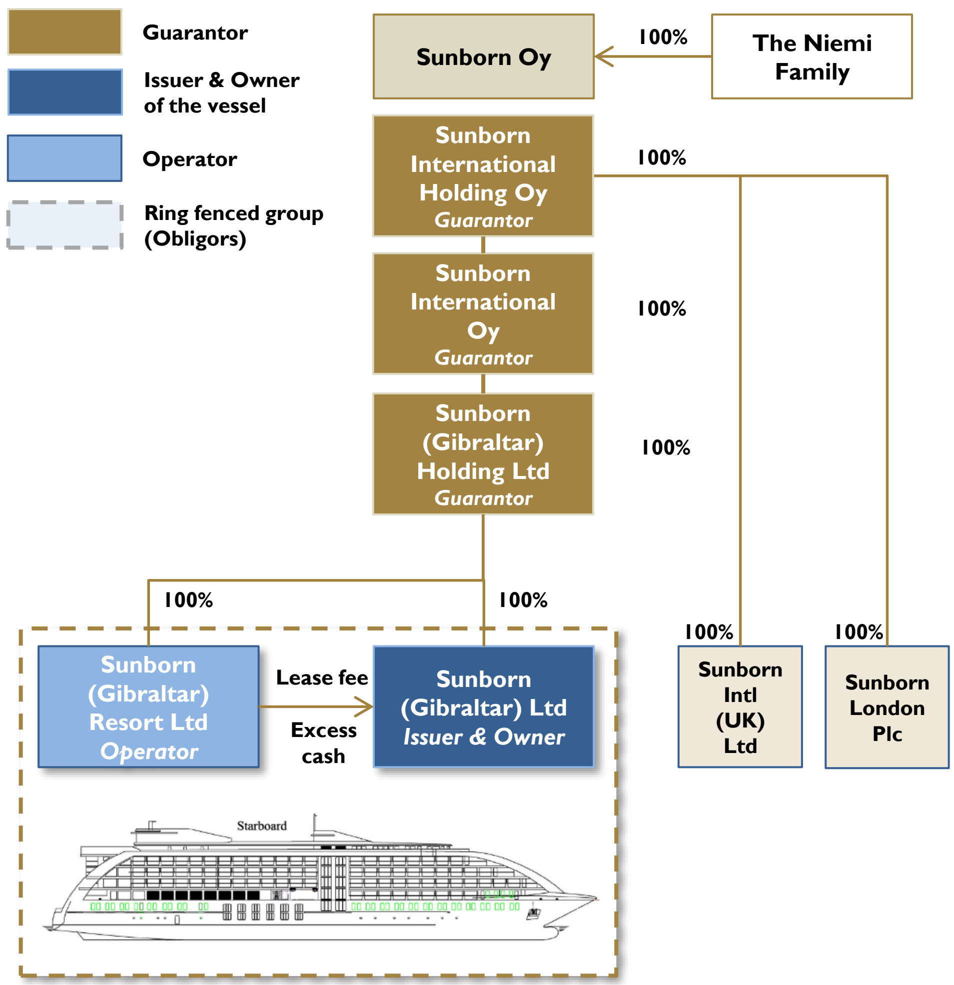
Comments on the transaction structure

- Sunborn (Gibraltar) Limited, (the "Issuer") is a wholly owned subsidiary of Sunborn Oy, a Niemi family privately owned group of companies and is contemplating to send out a Written Procedure to amend the Amended Terms & Conditions of its current EUR 58m senior secured bond (ISIN SE0010296632)
  - The Issuer is a SPV with no other purpose than owning the Sunborn Gibraltar yacht hotel
- Sunborn (Gibraltar) Resort Ltd manages the hotel operations (the "Operator") and is a sister company to the Issuer. The Operator pays a monthly fixed lease fee to the Issuer. The monthly fixed lease fee is GBP 265k per month (i.e. GBP 3.2m p.a.)
  - The lease fee is regulated through an Internal Bareboat agreement between the Issuer and the Operator which runs for a period of 10 years[1] with possible extensions when necessary
  - The amount of the monthly lease fee can be increased but not decreased during the life of the contract, to cover a potential increase in costs within the Issuer
  - Any excess cash in the operating company is paid as an additional lease fee to the Issuer
- There is a ring fenced and regulated structure for the Issuer and the Operator (together the "Obligors"). The bond will have security over all material assets of the Obligors
  - Guarantees from Sunborn International Holding Oy (the yacht hotel Group parent company owning the Sunborn Gibraltar and Sunborn London hotels), Sunborn International Oy and Sunborn (Gibraltar) Holding Ltd
  - Equity Injection upon disposal of the Gilleleje asset - 50% of the net proceeds from a sale to a 3rd party

Capitalisation table

Entity	Facility	EURm	LTV
Issuer	Senior secured bond	58.0	54%
Operator	Covid-19 facility	1.8	2%
Issuer/Operator	Cash and cash equivalents	0.9	1%
	Issuer Net LTV		**53%**
	Group Net LTV		**55%**
	Third party valuation (EURm)	107.6	

Simplified transaction structure



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

Key credit highlights

Well established 5 star hotel in an attractive niche market

- The Sunborn Yacht hotel is the only 5 star Grand Luxe classification hotel in Gibraltar, and the only major conference venue in Gibraltar
- Market leading position in the Gibraltar hotel market with excellent customer ratings from Hotels.com, TripAdvisor, Expedia and Booking.com
- Attractive location in Gibraltar with a 15 years Mooring Agreement (currently ~6 years remaining) with an approved extension period of 25 years
- Gibraltar is an attractive destination for tourists and corporate travellers alike, having seen an upswing in the number of companies with HQ in Gibraltar in recent years, alongside a new terminal and airport area that opened in Spring 2013

Security over a unique movable 5 star asset

- 1st lien security over the vessel and share pledges, a ring fenced structure and parent company guarantees
- The vessel offers 189 rooms, including 22 suites. Additionally, there is a ballroom and conference facilities, numerous restaurants and bars, and a fitness centre
- The Vessel can be moved globally without any major modification necessary (such as local HSE requirements), which protects the asset against local market downturns and offers an attractive value proposition in coastal city locations with high cost of land and/or high construction cost

High barriers to entry / competitive advantage

- The yacht hotel was built in 2013 and is fitted to the highest international hotel standard. The vessel is highly energy efficient, well insulated and requires low maintenance
- Sunborn vessels are purpose built and have significantly lower construction costs in comparison to converted passenger vessels, with hotel space maximized
- Sunborn's extensive experience in hospitality, ship building and design results in limited subcontracting and an efficient construction process, which in turn ensures a competitive advantage compared to potential new market entrants
- High replacement cost of similar vessels, providing a financial barrier to entry

Strong sponsor, financial profile, and low LTV

- The Sunborn Group is owned by the Niemi family and is part of an overall portfolio of real estate and other assets, which is valued at EUR ~500m with a proven track record of developing and operating a wide range of hospitality businesses
- The vessel has had steady performance since the inaugural bond issue. Management have managed well to maintain revenue and profitability despite a challenging environment with declining air travel to Gibraltar and overall issues caused by Brexit and the Covid-19 pandemic which have reduced demand
- Net LTV of ~55% based on 3rd party valuation and senior secured financing of EUR 60m
- Guarantees from Sunborn International Holding Oy, owner of Sunborn London and Sunborn Gibraltar

Resilient business despite headwinds and temporary setbacks

- Despite several macroeconomic setbacks in recent years including the Monarch Airlines bankruptcy and Brexit leading to reduced travels from the UK, Sunborn Gibraltar, led by an experienced, and competent team has repeatedly come out on the other side of the crises stronger
- With high levels of bookings before the Covid-19 virus outbreak, increasing momentum in arrivals to Gibraltar and many postponed room and event bookings expected to take place in the upcoming quarters, Sunborn Gibraltar expects a catch-up effect to create a significant uplift going forward

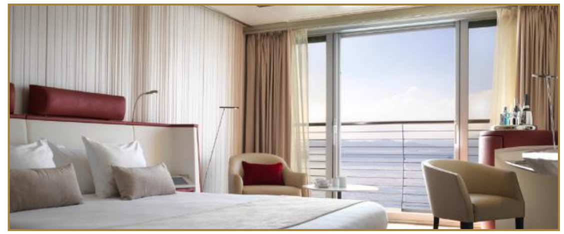
1) Health, safety and environmental

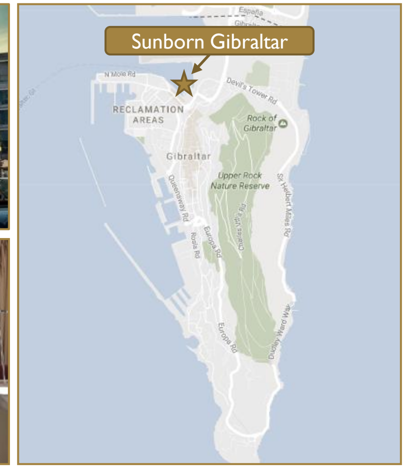
Sunborn Gibraltar yacht hotel - the operation and asset at a glance

Description

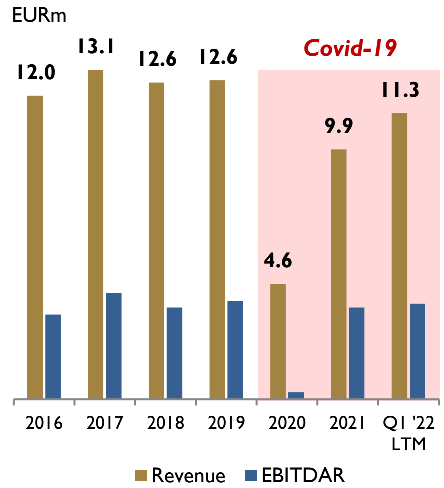
- Launched in 2014, the Sunborn Gibraltar is a 5 star Grand Luxe yacht hotel. Sunborn Gibraltar is the Group's most sophisticated vessel, with state-of-the-art facilities and has been finished to a high specification. The vessel is a purpose-built and self-propelled yacht designed to enable short voyages and for manoeuvring in ports
- The Sunborn Gibraltar has 189 rooms, including 22 suites. Additionally, there is ballroom and conference facilities for up to 700 delegates, numerous restaurants including a 7th deck Sky Restaurant with panoramic views, 3 bars, a fitness centre and a spa
- The vessel is superbly located in Gibraltar's Ocean Village Marina and has ~6 years left of a 15 year initial Mooring Agreement, with a recently approved 25 year extension option
- The vessel is operated by Sunborn (Gibraltar) Resort Ltd, with an Internal Bareboat Agreement regulating the lease from the vessel owner, Sunborn (Gibraltar) Ltd, together the ring-fenced group
- The unique hotel offering of the Sunborn Gibraltar is evidenced by excellent customer satisfaction, being rated as the #1 5-star hotel in Gibraltar by Trip Advisor and scoring 9.2/10 on Hotels.com
- Since the inception in 2014 the operations have performed steadily. Despite a challenging environment due to Monarch Airline's bankruptcy in 2017 and general issues caused by Brexit affecting travels from the UK, management have successfully maintained steady performance and profitability
- Sunborn Gibraltar experienced a weak 2020 due to the Covid-19 outbreak, but has recovered well in 2021 with an EBITDAR margin stronger than pre-covid. Revenue is expected to continue to recover during 2022 when covid restrictions have been lifted

Overview of the Sunborn Gibraltar yacht hotel

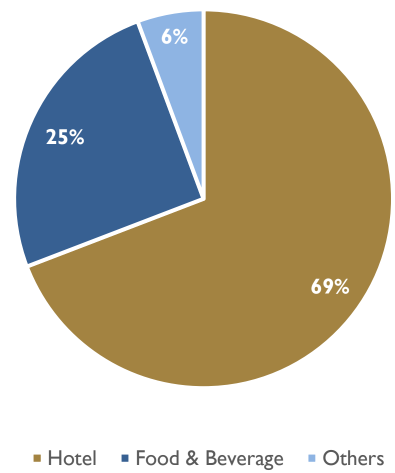




Key financials[1]



Revenue split 2021

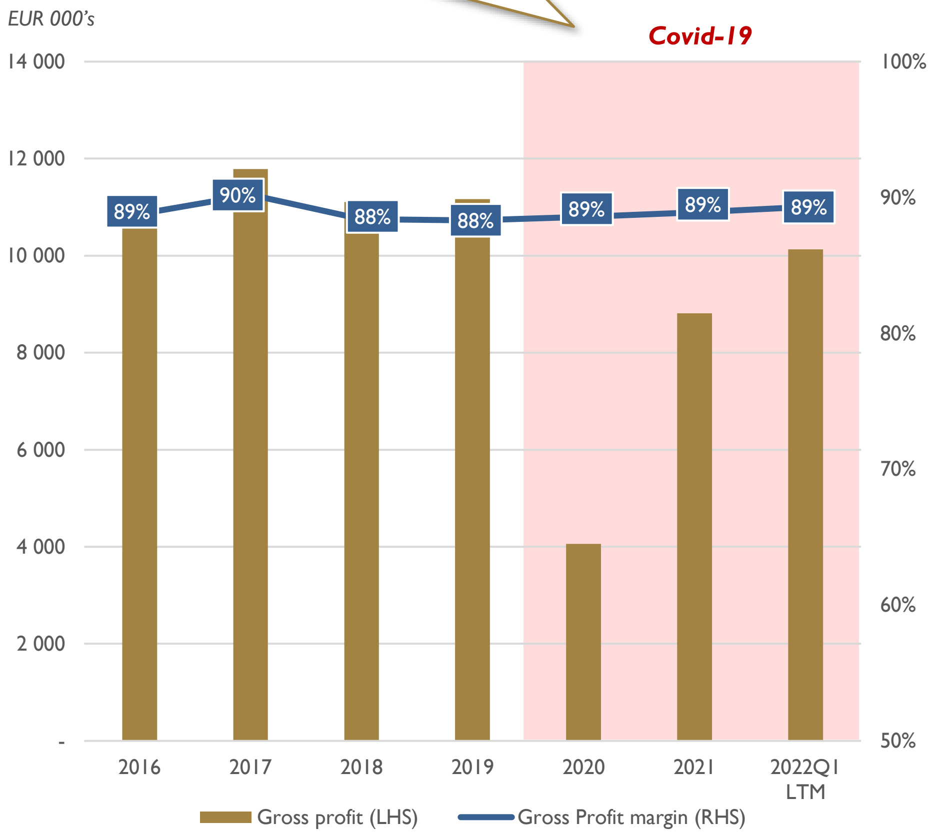


1) For the Operator / Sunborn (Gibraltar) Resort Ltd

Sunborn Gibraltar stayed resilient during the Covid-19 outbreak

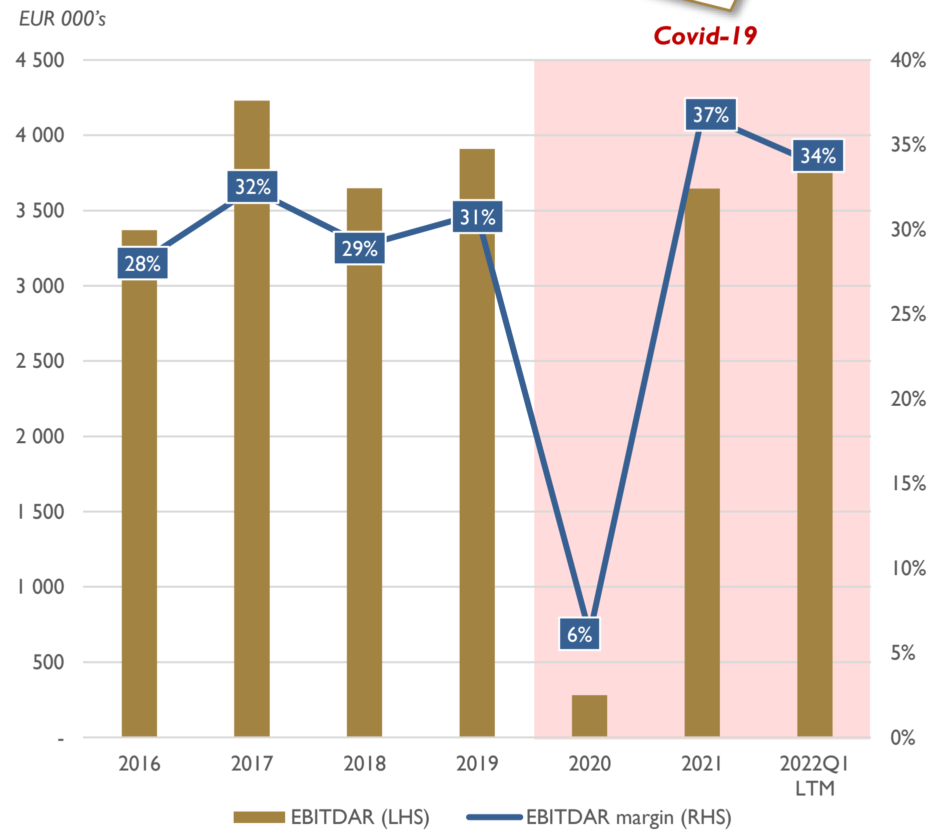
Gross profit development (operator)

The company has been able to retain highly stable gross profit margins throughout the pandemic through cost planning and foreseeing future occupancies and demand



EBITDAR development (operator)

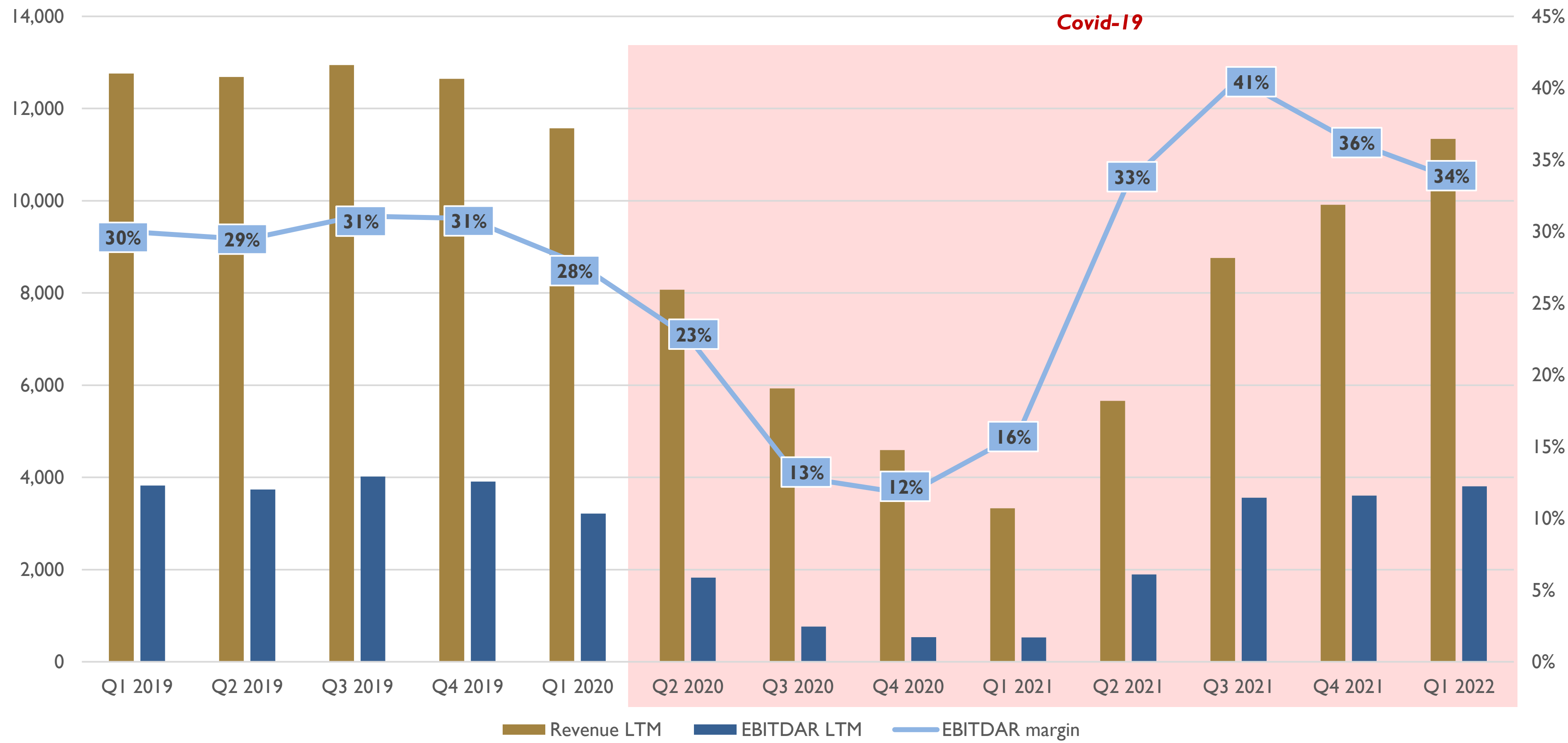
Sunborn Gibraltar has managed to reach pre-covid EBITDAR levels as early as 2021, and through strong demand and increasing ADR complemented by cost reduction efficiencies, the company has been able to surpass historical EBITDAR margins



Note: EURGBP 0.8513

Continuous growth in revenue and profitability post pandemic

Quarterly LTM Revenue and EBITDAR development (operator)[1]



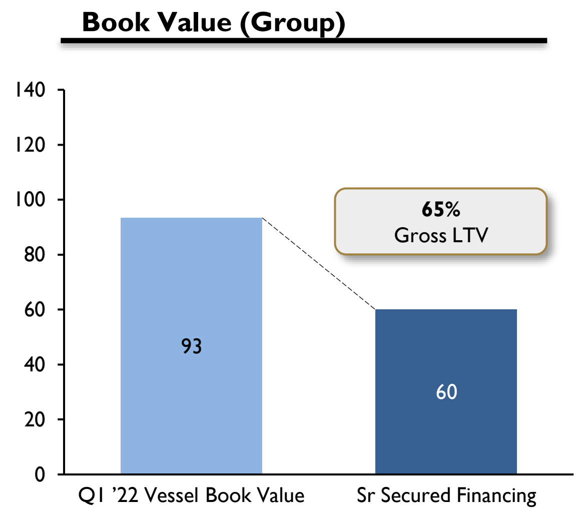
Note: 1) Quarterly figures are unaudited and may differ to audited annual reports. Please not that values for 2020 differ in the quarterly data due to corrections made in the annual report in relation to rents. The Government guidelines during lockdown of chargeable rent were ambiguous and only corrected later in the year. Other corrections were also made in relation to bad debts relating to two travel agents who filed for bankruptcy, and these losses were realized for the audited Annual Report; EURGBP 0.8513

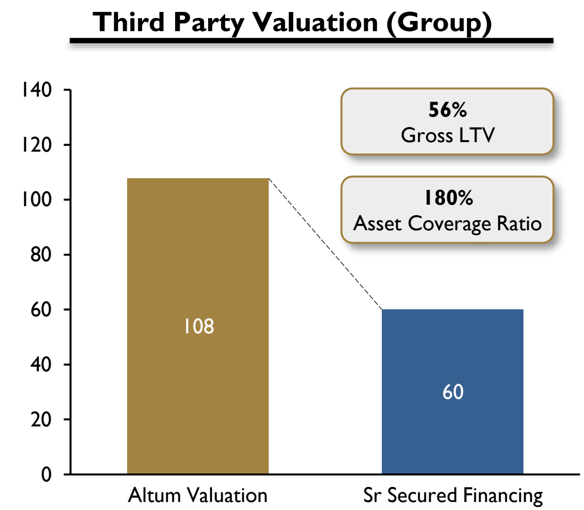
Sunborn Gibraltar valuation

Description

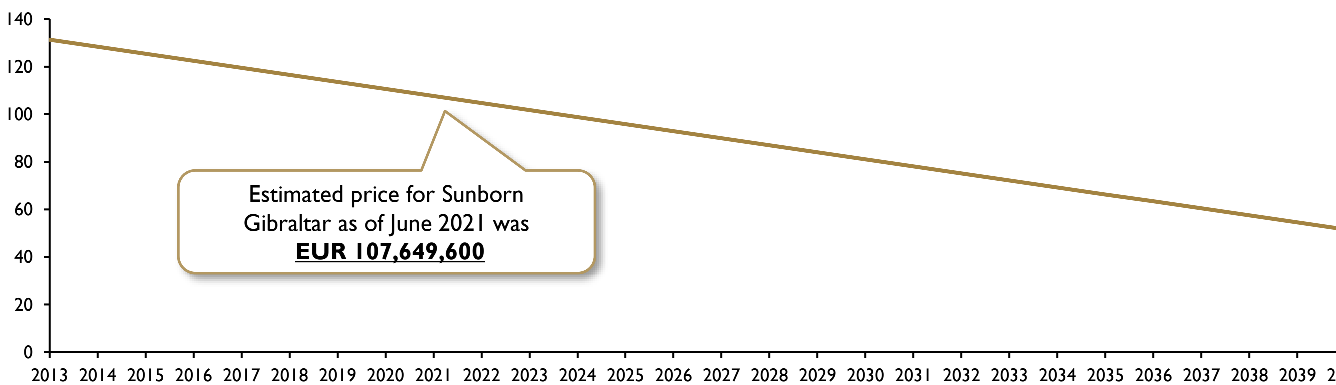
- Sunborn Gibraltar was valued at ~EUR 108m in June 2021 by a third-party valuation firm (Altum), implying a Group gross LTV of approximately 56%, and a Group net LTV of approximately 55%
- The valuation method used was based on a 40-year depreciation schedule from the initial development cost, with a residual value of 10%
- Valuation methods used are normally based on either the depreciation schedule, replacement cost or comparable transactions to determine a market price
- With construction costs having increased significantly, the market value of the vessel is expected to be materially higher than what is indicated in the third-party valuation
    - Due to the surging input prices, the replacement costs has increased significantly during the last quarters
- Yacht /Vessel market is denominated in USD (in contrast to this EUR valuation) and hence largely affected by the FX movements lately

Yacht valuation & key metrics (EURm)





Depreciation schedule presented by Altum (EURm)



For financial calculation purposes, the life of the asset is estimated to be 40 years, with a residual value of 10% of the initial investment considering current money value

Note: EURUSD 1.0382

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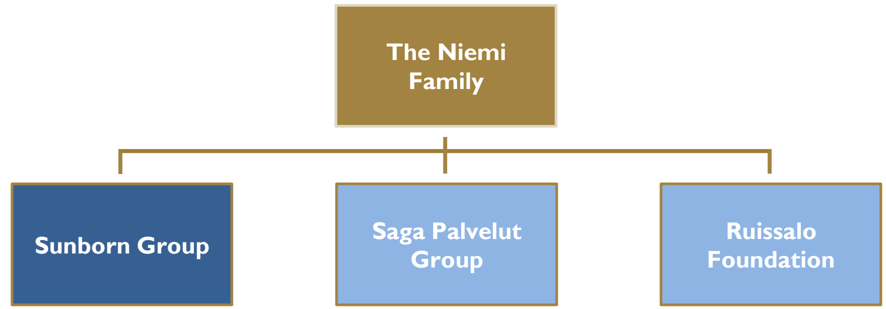
Strictly private and confidential

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 more than EUR 500m. Group subsidiaries employ over 1,500 people and have operations in Finland, Denmark, UK, Malaysia, Germany and Gibraltar

Organisational structure



Select assets and developments


Naantali Spa Hotel, Finland


Restaurant Pinella, Finland


Sunborn London Hotel, UK


Senior Residence & Geriatric Hospital, Finland


Naantalin Kaivohuone, Finland

Over two decades of experience in operating yacht hotels

1998

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

2003

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

2004

Construction of a second vessel, Sunborn Princess.

2006

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

2008

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

2013

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

2014

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

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

2016

Sunborn London issued a Senior Secured Bond of EUR 32 million

2017

Sunborn Gibraltar issued a Senior Secured Bond of EUR 58 million

2020

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

Timeline for the Niemi family business

Hotels

1974
First hotel operations open in Mallorca, Spain

1982
Naantali Spa Hotel & Resort is built

1984
Ruissalo Spa Hotel is born

1986
Hotel Excelsior Dusseldorf is purchased

2001
Sunborn Vacation Club established, a timeshare business

2004
Sunborn Residences open

2009
Timeshare partnership with Holiday Club commences

Yacht hotels

1998
Sunborn International Oy established, builds first yacht hotel

2003
Opening of London yacht hotel and Princess yacht hotel in Finland

2008
First London yacht hotel sold

2013
Gibraltar casino license granted

2014
London yacht hotel and Gibraltar yacht hotel & Casino open for business

Healthcare

1972
Company established with Healthcare as core business

1987
Physiotherapy chain is recognised as largest operator

1994
First senior centre and the non-profit Ruissalo Foundation founded

1997
Saga Care Finland is established

2009
EUR 55m hospital built for Turku City, 51% ownership stake

2012
Saga Care Finland sold to Capman /Esperi

2013
Built senior real estate amounts to EUR 120m, additional plans for EUR 100m

Restaurants

2010
Sunborn Catering established

2011
Flagship Pinella Restaurant opens

2013
Sunborn Catering becomes the fastest growing catering company in Finland

2014
Operates F&B outlets with over 6,000 seats

Sunborn Group at a glance (Sunborn Oy)

Overview

- Sunborn Oy was founded in 1974 by the Niemi family and is a private company based in Finland. The Group's focus is on the development of luxury spa and yacht hotels, restaurants and other high-quality property in the hospitality sector
- The Sunborn Group pioneered the yacht hotel concept, opening its first yacht hotel in 1998 which was docked in Naantali, Finland. In addition to the Sunborn Gibraltar, the group also owns the Sunborn London yacht hotel. A profitable exit was achieved on its first purpose-built yacht hotel in 2008
- Sunborn currently has operations in Finland, Denmark, UK, Germany, Spain, Malaysia and Gibraltar
- The Group operates under several individual brands, a select few of which are shown below. The Naantali Spa Hotel was named Finland's Leading Hotel at the World Travel Awards in 2019

Business segments

Segment	
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 brands

sunborn GIBRALTAR 5-STAR YACHT HOTEL

KITCHEN

sunborn LONDON

THAI GARDEN

sunborn HOTELS & RESTAURANTS

RUISSALO SPA & HOTEL

NAANTALI SPA & HOTEL

pinella®

NAANTALIN KAIVOHUONE

The Board of Directors

Ritva and Pekka Niemi – *Founding Partners*

- Vast and successful track-record in both business and entrepreneurial ventures
- Pekka holds board membership in several public offices and has been awarded the title of Councilor by the President of Finland
- In recognition of her work, Ritva has earned the Diamond Cross from the National Board of Entrepreneurs
- Founded Sunborn Oy Group of companies in 1974 and Russialo Foundation in 1994
- The pair own 100% of the shares in Sunborn Oy and continue to sit on governing boards of all the companies and affiliated companies
- Ritva and Pekka are nationals and residents of Finland

Antti Pankakoski – *Member of the Board*

- Board member of Arctia Oy, Kyrö Distillery Oy, Port of Helsinki and Emkine Oy
- Worked in the shipping industry since 1986, with leading positions at Cunard Line, Nordea Group, Wärtsilä Group and the Kvaerner Group
- Holds a Master of Laws from Helsinki University

Jyrki Heinimaa – *Member of the Board*

- President of Hollming Group, Chairman of Rauma Marine Construction RMC and board member in various maritime industry companies
- One of the leading ship building executives in Europe. Previous positions include CFO of STX Finland and President at Aker Finnyards
- Holds a Master of Laws from Turku University

Hans Niemi – *Member of the Board*

- CEO of Sunborn Group
- 20+ years experience in media, real estate development and hospitality management
- Holds degrees in Finance, Economics and Business Administration
- Honorary Consul of Germany and board member of multiple private and public boards

Jari J. Niemi – *Deputy Member of the Board*

- Development Director for Serviced Senior Citizen Housing development for Ruissalo
- 20 years experience in the Sunborn Group, having led the Import-Export division, Maintenance, Renovation and New Build Division
- Oversees design and construction of properties and products, and the yacht hotels production

The Board of Directors' legacy stretches across several decades worth of experience in the hospitality and shipping industries

The management team of Sunborn Hotels

Hans Niemi
CEO

- **Education**:
  Bsc in Economics,
  Ba finance, BBA Business Administration
- **Experience**:
  25+ years in Hospitality
- **Previous positions**:
  Board Member, President, General Manager, Chairman

Marc Skvorc
COO

- **Education**:
  Bachelor's Degree in Hospitality Management & EMBA graduate
- **Previous positions**:
  30 years hotel management in multiple countries and brands including Ritz Carlton. Pebble Beach, New York Palace. W Hotels. Kämp Collection Hotels.

Xavier Valero
Executive VP / General counsel

- **Education**:
  Master of Laws, University of Barcelona, 1999
- **Experience**:
  20+ years in Sunborn Group
- **Previous positions**:
  Partner at Valero Advocates

Niina Stade
CFO

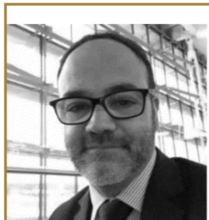
- **Education**:
  Master of Science, Economics, 1999
- **Experience**:
  11 years in Sunborn
- **Previous positions**:
  Raisio Plc Business Controller US and EMEA

Karen Thomson
Director, UK + GB

- **Education**:
  Diplomas in BSc Business
- **Experience**:
  Director of Hospitality ISS UK in charge of services to +200 hotels
- **Previous positions**:
  Director of Hospitality (Hotels & Contract Catering, ISS UK)

Tomi Rimpi
Finance & Legal

- **Education**:
  Master of Law, 1995
- **Experience**:
  5 years in Sunborn
- **Previous positions**:
  Director of Turku Technology Properties



Francisco Ventura
GM

- **Education**:
  BA (Hons.), International Hospitality Management with Hotel Management
- **Experience**:
  Appointed 2020
- **Previous positions**:
  GM & Director of Operations in various upscale branded properties

Britta Weiser
Director of Sales and Marketing

- **Education**:
  Hotel and Tourism Management Degree, Germany
- **Experience**:
  4 years in Sunborn
- **Previous positions**:
  Over 10 Years with Management experience with Starwood, IHG

Jari Niemi
Development ***Advisor***

- **Education**:
  Ba Business
- **Experience**:
  20+ years in Sunborn
- **Previous positions**:
  Development Director

Board member for all Gibraltar companies

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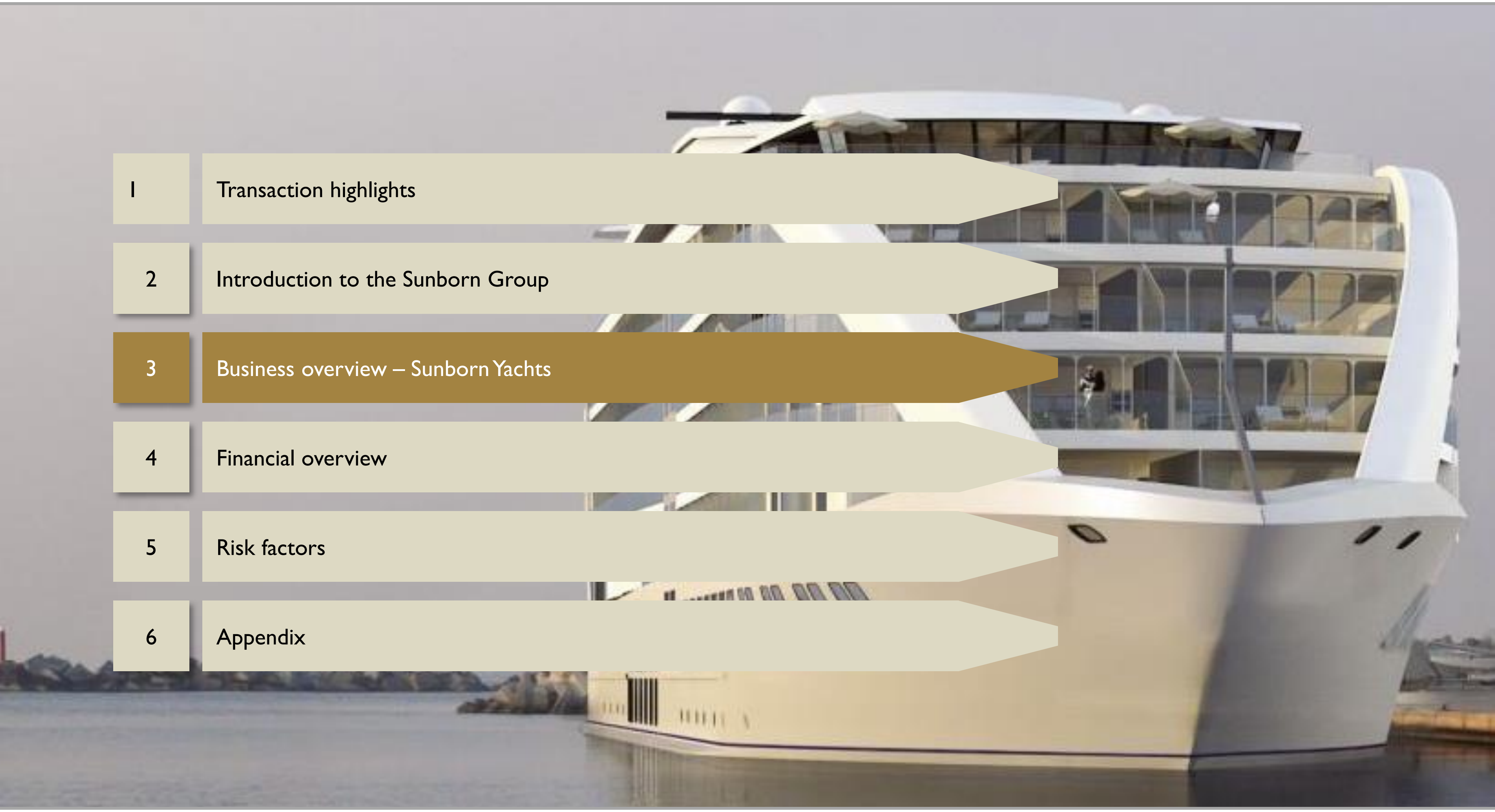


Sunborn yacht hotels are unique, purpose-built vessels

Overview

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

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

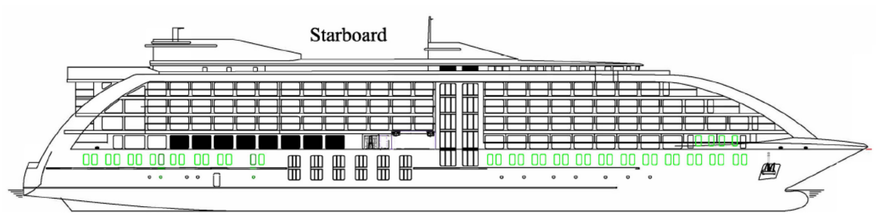
1 State-of-the-art facilities providing a cost effective solution	▪ Sunborn yacht hotels have state-of-the-art facilities and are elegantly designed and furnished ▪ Cost effective solution for cities with high real estate prices, by utilising unused water space of metropolis waterfronts
2 Durability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

The Sunborn Gibraltar Yacht

Description

- Sunborn Gibraltar is designed to be used as a floating hotel as well as potentially as a self-propelled vessel. Located in the Gibraltar Marina, it is the leading 5-star hotel in Gibraltar
- Built Malaysia in 2013, the 5-star GL class Sunborn Gibraltar vessels have state-of-the-art facilities and have been furnished to a high specification. The "new" Sunborn Gibraltar launched in May 2014, becoming the largest and most luxurious yacht build by Sunborn
- The vessel has 8 decks, many of which are located in public spaces of the hotel. It is equipped with 167 standard cabins of approximately 30m^2 each, and 22 suites which are approximately between 48 and 111m^2
- The yacht has conference facilities for delegates, restaurants, bars, a spa and a lounge inside the yacht hotel
- Total building area of 18,190m^2
- The arrival of the Sunborn yacht hotel in mid-2014 significantly altered the hotel landscape in terms of market level, product quality and facility provision

Sunborn Gibraltar

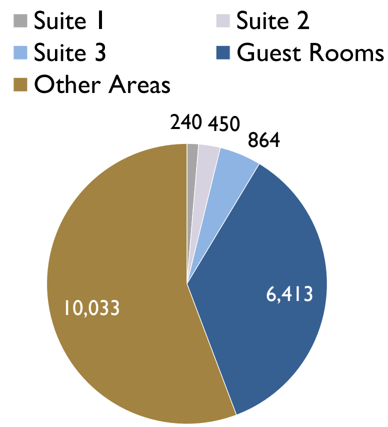


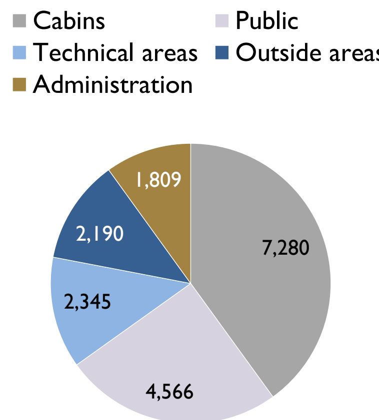
Key specifications

Main dimensions	
Length	141.2m
Breadth	22.8m
Height	24.0m
Design draught	3.8m
Speed	10 knots

Room type	m^2	Quantity
Suite 1	240	2
Suite 2	450	5
Suite 3	864	15
Guest Rooms	6.413	167
Other areas	10,033	-
Total	**18,190**	**189**

Area breakdown in m^2 | Total area split in m^2





The Sunborn Gibraltar is the Group's most sophisticated vessel…

Pool Terrace

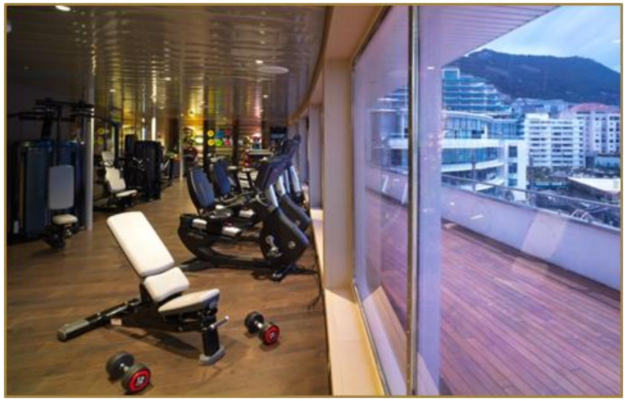
Suites & Apartments

La Sala Restaurant

Conference facilities

Infinity Spa

Fitness centre



…with elegantly furnished and offering state-of-the-art facilities…

Weddings

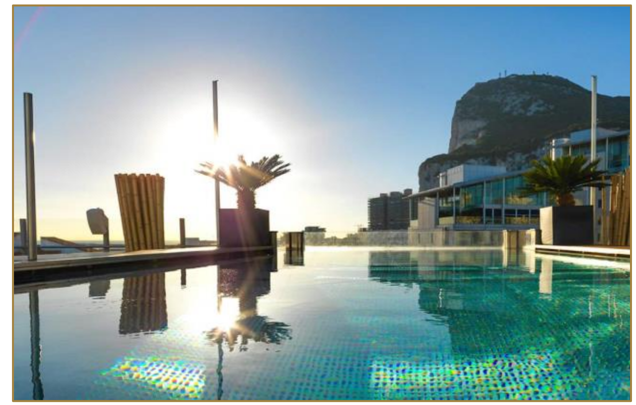
Corporate Events

Guest rooms

La Sala Bar

Private Parties

Pool



… high customer satisfaction, and occupancy rates…

Customer satisfaction and occupancy rates

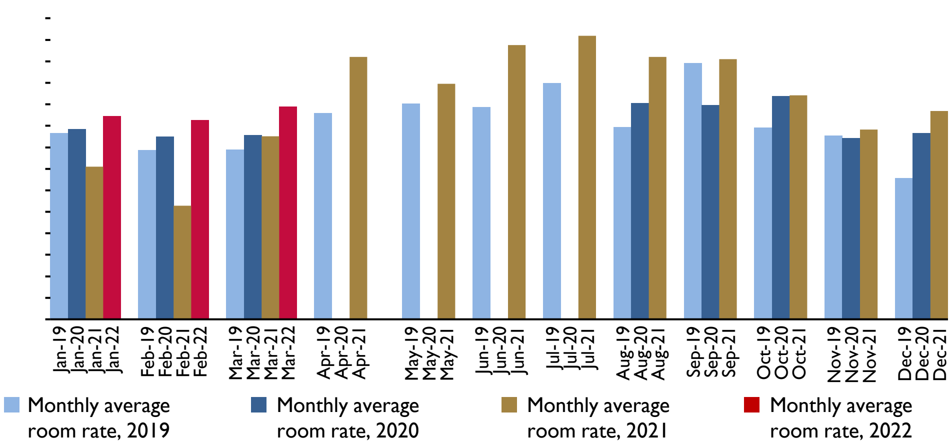
- The Sunborn Gibraltar yacht hotel has high customer satisfaction and strong occupancy rates
- Customer satisfaction is imperative to Sunborn and this is evidenced by an average rating of 9.2/10 on Hotels.com, as well as very strong ratings by each of TripAdvisor (#1 hotel in Gibraltar), Expedia (4.6/5) and Booking.com (8.5/10)
- The average room rate charged to customers has increased steadily since the start of operations in 2014 with a temporary decrease during the first year of the Covid-19 pandemic, but has since then recovered and is exceeding room rates and occupancies relative to previous years
- Occupancy rates are recovering after the decline during 2020 and 2021, while room rates are at historically high levels resulting in stronger profitability relative to pre-covid

Customer satisfaction

Hotels.com	Booking.com
9.2 / 10 "Superb"	8.5 / 10 "Amazing views, wonderful staff and location was great"
Expedia	**tripadvisor**
4.6 / 5 "95% of guests recommend"	#1 out of 7 hotels rated in Gibraltar "Certificate of excellence"

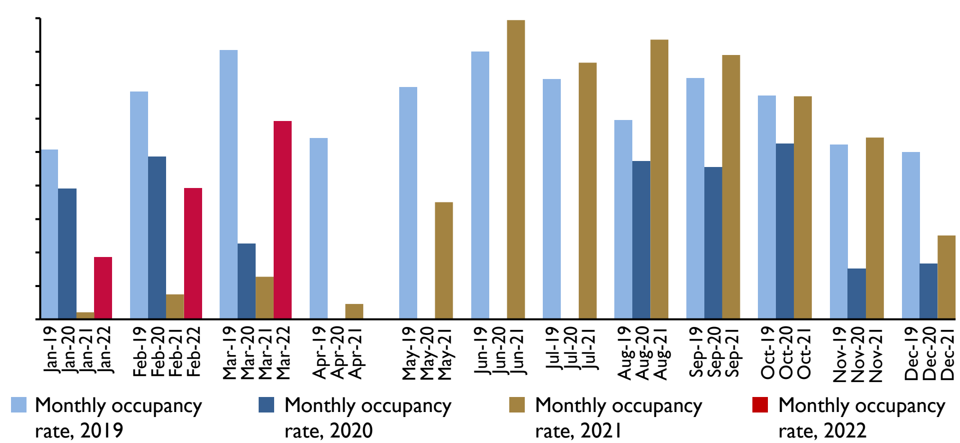
Average room rate (EUR)

EUR 191 (+20%)
2022YTD[1]



Average occupancy rate (%)

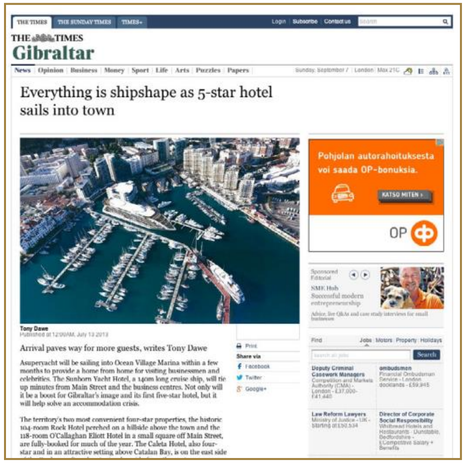
+6%
2022YTD[1]



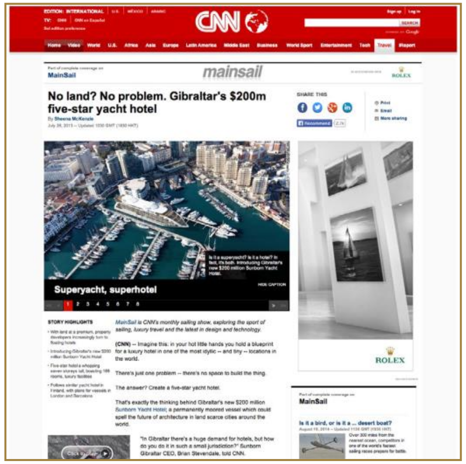
Note: 1) Relative to average values for first three months in the past three years (2019-2021)

…with significant global press coverage

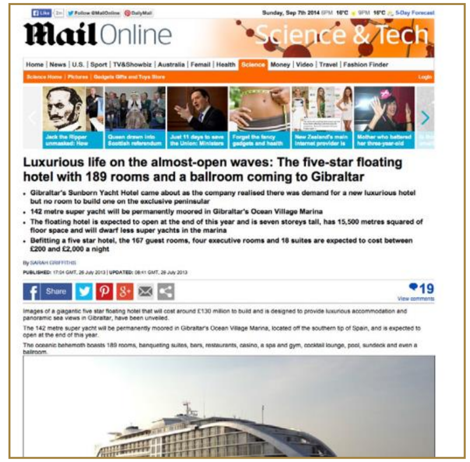
The Times



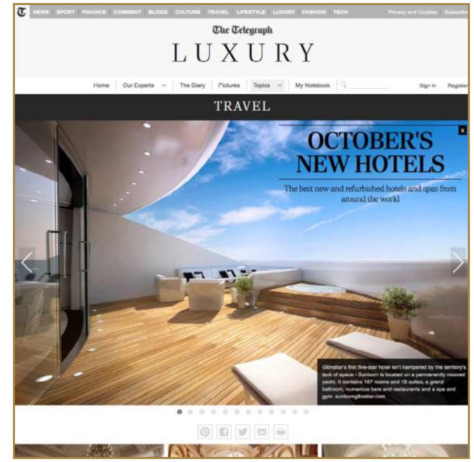
CNN



Daily Mail

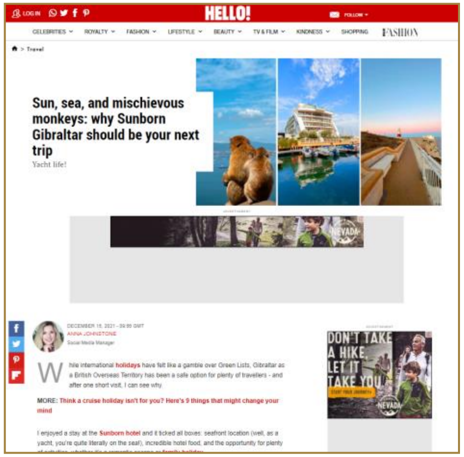


The Telegraph Luxury



Country & Town House

HELLO! Magazine



easyJet Traveller

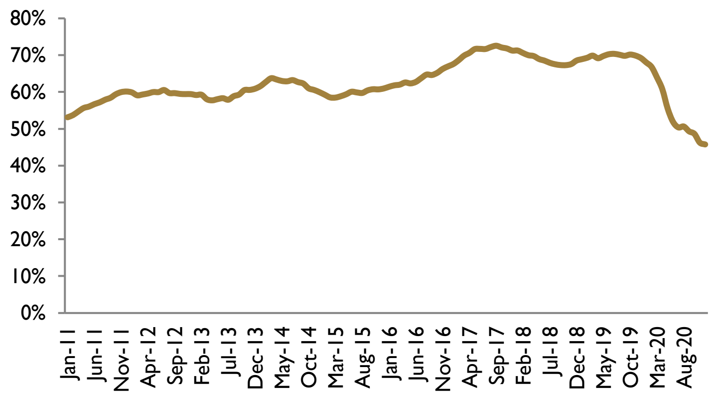
The Sydney Morning Herald

Sunborn a leader within the Gibraltar hotel market

The Gibraltar Hotel market

- Given the size of the Territory, the supply of hotel accommodation is limited and for many years the Rock Hotel was at the forefront of the hotel market having been built in the late 1930s
- The arrival of the Sunborn yacht hotel in mid-2014 significantly altered the hotel landscape in terms of market level, product quality and facility provision
- The performance of the hotels is closely linked to the economic and political environment that exists in the Territory, with roughly 60/30/10% of rooms booked linked to corporate, leisure and other purposes respectively
- The three main hotels that comprise the most relevant competition to Sunborn Gibraltar are the Rock Hotel, the Caleta Hotel and the O'Callaghan Eliott

Average Gibraltar hotel occupancy rate



Geographical overview

★ Sunborn Gibraltar

Rooms	189
Stars	★★★★★

Hotels of direct relevance[1]

1 The Rock

Rooms	84
Stars	★★★★

2 The Caleta Hotel

Rooms	169
Stars	★★★★

3 O'Callaghan Eliott

Rooms	123
Stars	★★★★

Other accommodations[2]

4 Bristol Hotel

Rooms	60
Stars	★★★

5 Holiday Inn Express

Rooms	120
Stars	★★★

The Caleta Hotel closed as of January 1, 2022, for approximately 3 years for rebuilding of a Hilton Hotel and Residences

1) As per Colliers International, January 2016
2) As considered relevant per DNB

Sunborn Gibraltar is resilient despite macroeconomic turmoil

Overview

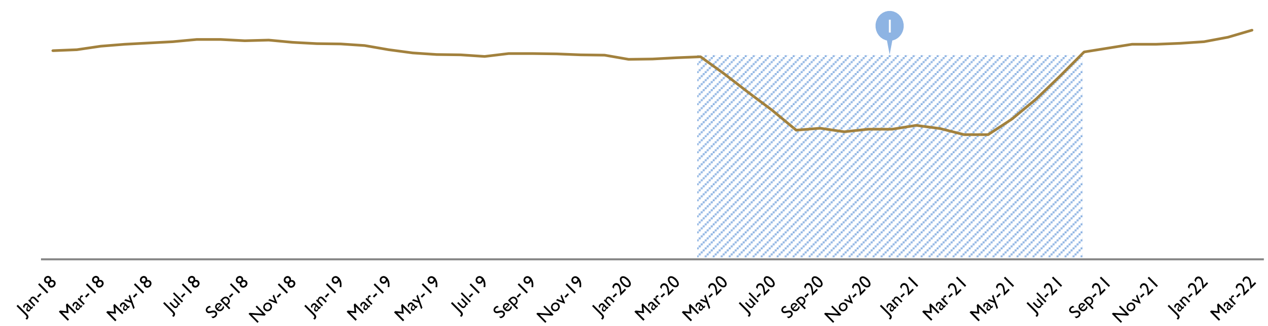
- Sunborn Gibraltar is a key player in the Gibraltar hotel market as the clear market leader, ranked #1
- The arrival of the Sunborn yacht hotel in mid-2014 significantly altered the hotel landscape in terms of market level, product quality and facility provision
- Despite significant macroeconomic effects,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

1. Following the initial Covid-19 outbreak, the lack of travel and restrictions resulted in declining occupancy at Sunborn Gibraltar and therefore decreasing room rates in order to sustain some demand. With restrictions being lifted and demand increasing, room rates have increased to a level above pre-covid

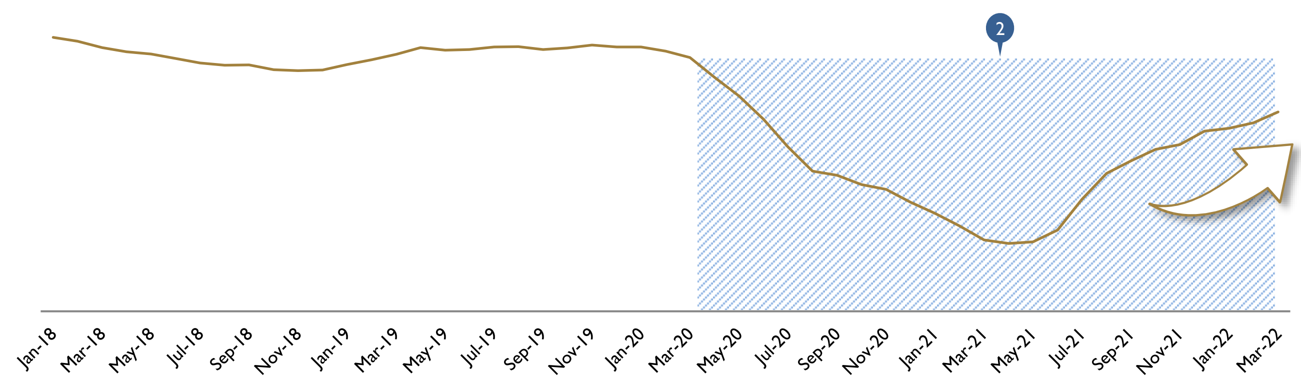
2. Occupancy took a big hit during the first year of covid but has continuously been recovering since then. The company expects occupancy rates to recover by summer 2022

Sunborn Gibraltar has experienced a full recovery following the Covid-19 pandemic

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



Occupancy rate at Sunborn Gibraltar (%)[1]



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

1) Based on a 12 month rolling average

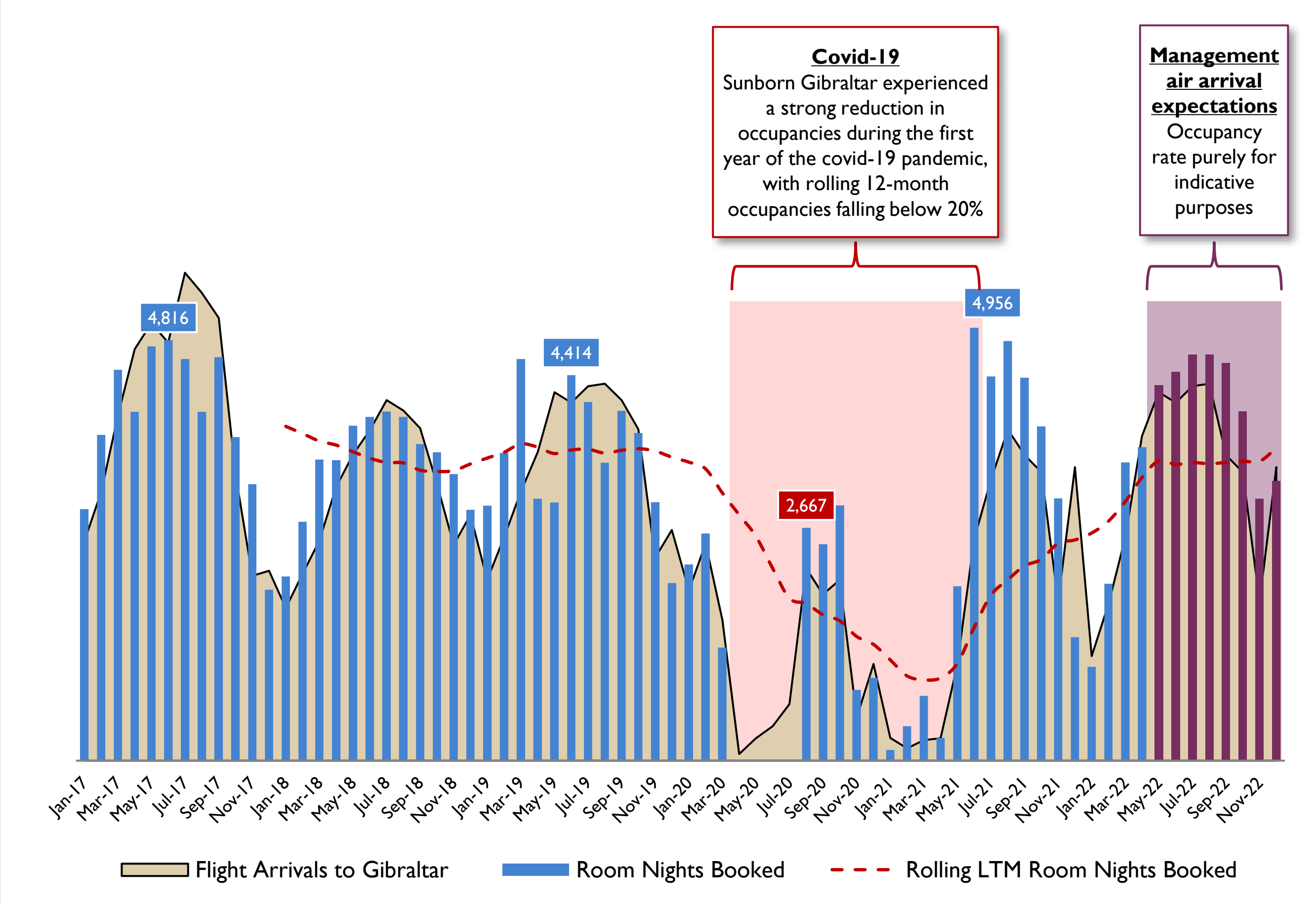
Sunborn Gibraltar are expected to fully recover post-pandemic

Overview

- Air-arrivals to the Gibraltar airstrip and rooms booked at the yacht hotel have historically been highly correlated, and share their seasonal nature – peaking during the summer months
- Occupancy rates at the Sunborn Gibraltar has continued to improve towards pre-covid levels
- Due to the hotel's operational excellence and top-tier luxury status, they have been able to gain market share in relation to air-arrivals post covid

The £44 million airport tunnel is planned to open in the summer of 2022, which will allow for a potential increase in air traffic in and out of Gibraltar

High correlation between flight arrivals and occupancy at Sunborn Gibraltar



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

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Key financials for the ring-fenced group

Operator - Sunborn (Gibraltar) Resort Ltd

EUR ('000s)	Note	FY18	FY19	FY20	FY21	Q1 '22 LTM
Income Statement						
Revenue	1	12,561	12,644	4,580	9,912	11,343
Cost of sales		(1,456)	(1,477)	(523)	(1,100)	(1,215)
Gross profit		**11,105**	**11,167**	**4,057**	**8,813**	**10,128**
Admin. and other expenses		(7,456)	(7,257)	(3,776)	(5,166)	(6,284)
EBITDAR	2	**3,649**	**3,909**	**281**	**3,646**	**3,845**
Rent costs	3	(3,735)	(3,735)	(2,824)	(3,735)	(3,735)
EBITDA		**(87)**	**174**	**(2,543)**	**(89)**	**109**
Profit / (loss) before taxes		**(209)**	**0**	**(2,901)**	**(397)**	**(192)**
Balance Sheet	4					
Cash		34	95	381	109	35
Total assets		**1,928**	**2,149**	**2,323**	**1,846**	**2,044**
Equity		(1,458)	(1,458)	(4,359)	(4,756)	-

1. Revenue in the ring-fenced group is generated by the Operator through the three business segments; Rooms (69%) Food and Beverage (25%) and Other (6%) based on 2021 financials
2. EBITDAR in the Operator is stated before the rent paid to the Owner and Issuer
3. The rental expense is regulated by the internal bareboat agreement between the Operator and the Owner & Issuer and is from 2017 GBP 3.2m per year (GBP 265k per month) + quarterly cash sweep of excess cash
4. The Balance Sheet of the Operator is very asset light as the vessel and other fixed assets are owned by the Owner & Issuer. However, the Operator carries day-to-day inventories

Owner and Issuer - Sunborn (Gibraltar) Ltd

EUR ('000s)	Note	FY18	FY19	FY20	FY21	Q1 '22 LTM
Income Statement						
Revenue (rental income)	1	3,735	3,735	2,824	3,735	3,735
Other operating expenses		(231)	(250)	(263)	(294)	(294)
EBITDA		**3,505**	**3,485**	**2,561**	**3,442**	**3,442**
Depreciation	2	(2,962)	(2,963)	(2,963)	(2,925)	(2,925)
Operating profit / (loss)		**543**	**523**	**(402)**	**517**	**517**
FX gain/(loss)	3	(497)	2,991	(3,344)	3,994	396
Net financial expenses	4	7,432	(4,134)	1,466	(3,954)	(3,946)
Profit / (loss) before tax		**7,477**	**(620)**	**(2,280)**	**557**	**(3,032)**
Balance Sheet						
Cash		1,604	1,245	343	1,290	916
Vessel book value	5	102,845	99,900	96,990	94,098	93,375
Total assets		**106,641**	**103,939**	**100,300**	**97,862**	**97,389**
Equity & Shareholder loan (SHL)		46,103	45,485	37,329	37,886	36,670
Long term borrowings		59,276	56,737	60,762	57,200	57,718
Equity (incl. SHL) / Total assets	6	43.2%	43.8%	37.2%	38.7%	37.7%

1. The revenue is regulated by the internal bareboat agreement with the Operator. GBP 3.2m in rental income per annum
2. Upon transition from GAAP to IFRS, management reassessed lifetime estimate of vessel to 40 years from 30 years between FY 2017 and FY 2018
3. Sunborn Gibraltar's foreign exchange fluctuations primarily related to EUR/GBP rate
4. Net financial expenses for 2018 and 2020 is primarily due to waiver of loan from holding company of EUR 11.7m and EUR 5.9m, respectively
5. Vessel book value and market value differ from year to year depending on FX fluctuations as market value is reported in EUR and not GBP
6. The shareholder loans have a 2nd lien Mortgage on the vessel, but are fully subordinated by an ICA

Note: EURGBP 0.8513

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

Income statement

EUR ('000s)	FY17	FY18	FY19	FY20	FY21	Q1 '22 LTM
Total revenue	**13,065**	**12,561**	**12,644**	**4,580**	**9,912**	**11,343**
Cost of sales						
Food	(708)	(786)	(724)	(235)	(409)	(457)
Beverage	(178)	(271)	(273)	(95)	(227)	(254)
Agent commission	(325)	(354)	(386)	(146)	(368)	(390)
Other	(71)	(45)	(95)	(47)	(95)	(113)
Gross profit / (loss)	**11,782**	**11,105**	**11,167**	**4,057**	**8,813**	**10,128**
Administrative and other expenses	(11,758)	(11,310)	(11,163)	(6,939)	(9,125)	(10,223)
Profit / (loss) before taxation	**25**	**(209)**	**0**	**(2,901)**	**(397)**	**(192)**
Tax on profit on ordinary activities	-	-	-	-	-	
Profit / (loss) for the financial year	**25**	**(209)**	**0**	**(2,901)**	**(397)**	**(192)**
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the year	**25**	**(209)**	**0**	**(2,901)**	**(397)**	**(192)**

Balance sheet

EUR ('000s)	FY17	FY18	FY19	FY20	FY21	Q1 '22
Fixed assets						
Equipment	129	342	240	214	323	318
Inventories	145	153	157	117	120	115
Trade and other receivables	1,479	1,619	1,831	1,134	1,525	1,805
Cash	175	34	95	381	109	35
Total assets	**1,928**	**2,149**	**2,323**	**1,846**	**2,076**	**2,274**
Shareholders' equity						
Share capital	2	2	2	2	2	2
Retained earnings	(1,251)	(1,460)	(1,460)	(4,361)	(4,759)	(5,576)
Total shareholders' equity	**(1,249)**	**(1,458)**	**(1,458)**	**(4,359)**	**(4,756)**	**(5,574)**
Liabilities						
Trade and other payables	3,177	3,606	3,781	6,205	6,832	7,848
Total liabilities	**3,177**	**3,606**	**3,781**	**6,205**	**6,832**	**7,848**
Total liabilities and shareholders' equity	**1,928**	**2,149**	**2,323**	**1,846**	**2,076**	**2,274**

Note: EURGBP 0.8513

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

Cash flow statement

EUR ('000s)	FY17	FY18	FY19	FY20	FY21	Q1 '22
Operating activities	**13,065**	**12,561**	**12,644**	**4,580**	**9,912**	**11,343**
Operating profit	25	(209)	0	(2,901)	(397)	(818)
Finance lease interest	-	4	3	19	85	(22)
Operating profit / (loss)	**25**	**(205)**	**4**	**(2,883)**	**(312)**	**(840)**
Depreciation	94	119	170	339	223	5
Change in inventories	(82)	(8)	(3)	39	(2)	5
Increase in debtors	(530)	(140)	(212)	696	(390)	(281)
Increase in creditors	631	435	186	1,129	87	1,037
Net cash flow from operating activities	**137**	**200**	**144**	**(679)**	**(395)**	**(74)**
Investing activities						
Purchase of tangible fixed assets	(112)	(332)	(68)	(313)	(332)	-
Net cash flow from investing activities	**(112)**	**(332)**	**(68)**	**(313)**	**(332)**	**-**
Investing activities						
Repayment of obligations under finance lease	-	(9)	(15)	(15)	(15)	-
Net cash flow from investing activities	**-**	**(9)**	**(15)**	**1,277**	**455**	**-**
Cash and cash equivalents at beginning of period	150	175	34	95	381	109
Change in cash and cash equivalents	**25**	**(141)**	**61**	**285**	**(272)**	**(74)**
Cash and cash equivalents at end of period	**175**	**34**	**95**	**381**	**109**	**35**

Note: EURGBP 0.8513

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

Income statement

EUR ('000s)	FY17	FY18	FY19	FY20	FY21	Q1 '22 LTM
Total revenue	**4,111**	**3,735**	**3,735**	**2,824**	**3,735**	**3,735**
Depreciation	(4,090)	(2,963)	(2,963)	(2,963)	(2,925)	(2,925)
Other operating expenses	(255)	(230)	(242)	(263)	(294)	(292)
Operating profit / (loss)	**(234)**	**543**	**531**	**(402)**	**517**	**518**
Waiver of loan from holding company	-	11,747	-	5,873	-	-
Foreign exchange (loss)/gain	(47)	(497)	2,984	(3,344)	3,994	396
Finance cost						
Amortisation of borrowing cost	(147)	(453)	(453)	(768)	(512)	(510)
Interest paid to Group	(722)	(722)	(546)	(546)	(458)	(458)
Loan interest to others	(3,479)	(3,139)	(3,134)	(3,093)	(2,982)	(2,978)
Profit / (loss) before taxation	**(4,629)**	**7,478**	**(619)**	**(2,280)**	**557**	**(3,032)**
Tax on profit on ordinary activities	-	-	-	-	-	-
Net income for the year	**(4,629)**	**7,478**	**(619)**	**(2,280)**	**557**	**(3,032)**
Total comprehensive income for the year	**(4,629)**	**7,478**	**(619)**	**(2,280)**	**557**	**(3,032)**

Balance sheet

EUR ('000s)	FY17	FY18	FY19	FY20	FY21	Q1 '22
Assets						
Investment property	105,842	102,940	99,998	97,055	94,142	93,409
Equipment	59	39	20	-	-	1
Trade receivables from Group companies	1,453	1,976	2,299	2,523	2,120	2,618
Trade and other receivables	149	81	375	378	312	444
Cash and cash equivalents	1,970	1,604	1,245	343	1,290	916
Total assets	**109,474**	**106,641**	**103,936**	**100,300**	**97,864**	**97,389**
Shareholders' equity						
Share capital	4	4	4	4	4	4
Share premium	18,330	18,330	18,330	18,330	18,330	18,330
Capital reserve	-	11,747	11,747	17,620	17,620	17,620
Retained earnings	(16,118)	(20,388)	(21,007)	(29,162)	(28,606)	(29,821)
Total shareholders' equity	**2,215**	**9,692**	**9,073**	**6,791**	**7,348**	**6,132**
Liabilities						
Borrowings from Group companies (shareholder loans)	48,158	36,411	36,411	30,538	30,538	30,538
Borrowings	58,355	59,276	56,737	60,762	57,200	57,718
Payables to Group companies	309	741	1,284	1,727	2,378	2,472
Other payables	437	521	433	482	399	530
Total liabilities	**107,259**	**96,949**	**94,865**	**93,509**	**90,515**	**91,257**
Total liabilities and shareholders' equity	**109,474**	**106,641**	**103,939**	**100,300**	**97,862**	**97,389**

Note: EURGBP 0.8513

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

Cash flow statement

EUR ('000s)	FY17	FY18	FY19	FY20	FY21	Q1 '22
Operating activities						
Operating profit	(234)	543	523	(402)	518	148
Adjustment for:						
Depreciation	4,090	2,963	2,963	2,963	2,925	732
Net foreign exchange differences	(47)	(497)	-	-	-	-
Change in working capital:						
Change in receivables from Group companies	(1,181)	(523)	(323)	(324)	403	(498)
Change in other receivables	(105)	45	(295)	(4)	65	(132)
Change in payables to Group companies	-	431	1	(4)	193	(20)
Change in other payables	(7)	83	(87)	48	(82)	130
Net cash flows generated from operations before interest payments	**2,517**	**3,045**	**2,782**	**2,278**	**4,021**	**361**
Interest paid	(4,349)	(3,139)	(3,140)	(3,181)	(2,995)	(734)
Net cash flows used in operations	**(1,831)**	**(94)**	**(358)**	**(903)**	**1,025**	**(374)**
Investing activities						
Additions in investment property	(4)	(41)	-	-	(11)	-
Purchase of property, plant, and equipment	(59)	-	-	-	-	-
Net cash used in investing activities	**(62)**	**(41)**	**-**	**-**	**(11)**	**-**
Financing activities						
Repayment of borrowings from Group companies	(482)	(202)	-	-	-	-
Proceeds from borrowings	60,448	-	-	-	-	-
Repayment of borrowings	(54,021)	-	-	-	-	-
Transaction costs paid	(2,093)	(29)	-	-	(68)	-
Net cash used in financing activities	**3,852**	**(231)**	**-**	**-**	**(68)**	**-**
Cash and cash equivalents at beginning of period	14	1,972	1,606	1,247	344	1,291
Change in cash and cash equivalents	**1,958**	**(366)**	**(358)**	**(903)**	**947**	**(374)**
Cash and cash equivalents at end of period	**1,972**	**1,606**	**1,247**	**344**	**1,291**	**917**

Note: All figures except those reported for FY 2019 are audited; EURGBP 0.8513

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

The most material risk factor in a category, based on the Issuer's assessment of the probability of the risk's occurrence and the expected magnitude of its adverse impact, is presented first in that category. Subsequent risk factors in the same category are not ranked in order of materiality or probability of occurrence. Where a risk factor may be categorized in more than one category, such risk factor appears only once and in the most relevant category. Each risk factor is disclosed by rating the relevant risk, based on the probability of the risk's occurrence and the expected magnitude of its adverse impact, as low, medium or high. The Bondholders should make an independent evaluation, with or without help from advisors, of the risks associated with the Bonds and the Proposal. The statements in these risk factors are made as of June 28, 2022.

PLEASE NOTE THAT ONLY A LIMITED LEGAL DUE DILIGENCE HAS BEEN CARRIED OUT BY WAY OF A MANAGEMENT INTERVIEW. NO DOCUMENTARY DUE DILIGENCE HAS BEEN CONDUCTED. NO FINANCIAL, INSURANCE OR TAX DUE DILIGENCE HAS BEEN CONDUCTED. THUS, THERE MAY BE RISKS RELATING TO THE PROPOSAL AND THE GROUP AND ITS BUSINESS WHICH HAVE NOT BEEN COVERED IN THE LIMITED LEGAL DUE DILIGENCE AND WHICH ARE CONSEQUENTLY NOT DISCLOSED IN THIS DOCUMENT.

RISKS RELATED TO THE PROPOSAL

High level risk

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 in accordance with the Proposal which will mean that, among other things, that the Final Maturity Date will be extended to 5 March 2024 (i.e. 18 months from the original Final Maturity Date). 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.

Medium level risk

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.

RISKS RELATING TO THE GROUP

Notwithstanding the acceptance of the Proposal, there are still risks relating to the market conditions and the Group'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.

Market and business-related risks

High level risk

Coronavirus disease risks

The Coronavirus disease ("COVID-19") has had, and is likely to continue to have for the foreseeable future, an indeterminable adverse impact on the global economy. The continuing spread of COVID-19 and the potential emergence of new variants, as well as any potential restrictive measures undertaken by governments may result in unforeseen and significant fluctuations in stock prices and the availability and cost of debt financing through the bond markets. The trading price of the Bonds may hence be adversely affected by the economic uncertainty caused by COVID-19.

Measures taken by governments around the world in an attempt to contain the spread of the virus resulted in a severe and steep drop in demand for travel and tourism. Particular mention may be made of the lockdown measures implemented in Gibraltar to combat the spread of COVID-19 and the closure of the Sunborn Gibraltar yacht hotel from 23 March 2020 until 1 August 2020, which resulted in a sudden and very significant decline in the Group's revenues and profitability.

Continued outbreaks of COVID-19 and the emergence of new variants of the virus, have had, and may continue to have a significant adverse impact on the travel, hospitality and tourism industries, due to measures implemented by governments around the world to control such outbreaks, including, inter alia, travel restrictions, closure of borders and prolonged quarantines.

The Group may further be negatively impacted by long-term changes to international travel patterns caused by fear of exposure to or actual effects of a disease outbreak, epidemic, pandemic, or similar widespread public health concerns triggered by the COVID-19 pandemic.

A negative development with regard to any of the aforementioned factors could have a direct or indirect adverse effect on the Group's business, financial position, results of operations and future prospects and thereby, on the Issuer's ability to fulfil its obligations under the Bonds.

High level risk

Uncertain global economic and financial market conditions

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

High level risk

Risk factors (3/14)

Credit risk in relation to the Operator

The Issuer is the owner of Sunborn Gibraltar, a yacht hotel in Gibraltar's Ocean Village Marina. Sunborn Gibraltar is subject to a bareboat lease agreement between the Issuer and the Operator, whereby the Operator makes rental payments to the Issuer. Together with the payments derived from the hotel's restaurant and bar area, operated by the Operator, the payments under the bareboat lease agreement constitute the Issuer's sole income. This single source of income from the Operator creates a credit risk concentration in relation to the Operator. If for any reason the Operator fails to pay any sum payable by it under the bareboat lease agreement, there is a risk that the Issuer will be unable to meet its payment obligations to the bondholders.

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

High level risk

Dependency on airlines

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

For instance, in 2017 a major airline with frequent service to Gibraltar was declared bankrupt. As a consequence, incoming flights to Gibraltar were drastically reduced which adversely affected the hotel room occupancy of the Sunborn Gibraltar yacht hotel. There are no guarantees that the airlines currently offering flights to and from Gibraltar will not be declared bankrupt or for other reasons need to drastically reduce their flights to and from Gibraltar. Bankruptcy of any airlines currently serving Gibraltar may result in a significant reduction of flights to and from Gibraltar, which would have an adverse effect on the Issuer's and the Operator's business, financial position, results of operations and future prospects and, consequently, on the Issuer's ability to fulfil its obligations under the Bonds.

High level risk

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

The Sunborn Gibraltar yacht hotel is located in Gibraltar. However, the Issuer's guests are global and, consequently, the Issuer is subject to a number of global macroeconomic factors and other factors that could adversely affect the Issuer's business, many of which are common to the hospitality industry and beyond the Issuer's control. Negative developments in the economic, political and market conditions may lead to a decline in consumer confidence, increased levels of unemployment and decreased travel, any of which factors could adversely impact the demand for leisure and business travel, as well as the demand for food and beverages and conferences.

Impediments to means of transportation (including airline strikes and road closures), extreme weather conditions, natural disasters, rising fuel costs, impact of acts of war or terrorism, outbreaks of pandemic or contagious diseases and health concerns or other factors may diminish the demand or ability for leisure and business travel.

Increases in operating expenses due to inflation, increased personnel costs, currency exchange movements, higher utility costs, increased taxes and insurance costs and other factors may not be offset by increased room rates or other revenue. Changes in governmental laws and regulations, including health and liquor license laws, VAT changes, employment regulations, environmental regulations and building requirements, may raise costs of compliance.

A negative development with regard to any of the aforementioned factors could have a direct or indirect adverse effect on the Issuer's and the Operator's business, financial position, results of operations and future prospects and thereby, on the Issuer's ability to fulfil its obligations under the Bonds.

High level risk

Risk factors (4/14)

Geographic concentration

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

High level risk

The hospitality industry is competitive

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

Medium level risk

Dependency on Ocean village marina mooring agreement

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

Medium level risk

Dependency on suppliers being able to provide services and products at the Sunborn Gibraltar yacht hotel's current location

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

Medium level risk

Risk factors (5/14)

Failure of performance in the operations

The Issuer is the owner of the Sunborn Gibraltar yacht hotel, which is subject to a bareboat lease agreement by and between the Issuer and the Operator. Under the bareboat lease agreement, the Operator makes rental payments to the Issuer. Along with payments from the operator of a restaurant and bar area at the hotel, the payments under the bareboat lease agreement constitute a key source of income for the Issuer. It is the current intention of the Operator and the operator of the restaurant and bar area to transfer the operation of the restaurant and bar area (including a license to operate under the "La Sala" trademark) to the Operator. In the event that, for whatever reason, the operation of the restaurant and bar area is unsuccessful, this could, among other things, lead to decreased level of income for the Operator and indirectly affect the ability of the Issuer to make payments and meet its contractual obligations. Any such development could have an adverse effect on the Issuer's business, financial position, results of operations and future prospects and thereby, on the Issuer's ability to fulfil its obligations under the Bonds.

High level risk

Damages to the vessel or reparations

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

Low level risk

Environmental risks

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

Low level risk

Employees

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

Negative publicity

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

Low level risk

Insufficient insurance cover

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

Low level risk

Political and legislative risks

The Issuer is located in Gibraltar. The political status of Gibraltar has been subject to referenda in the past and it cannot be ruled out that Gibraltar's status as a British Overseas Territory may change in the future. Political and legislative changes may also arise from the decision of the United Kingdom to withdraw from the European Union (commonly referred to as Brexit). Unfavorable political and legislative changes may affect the Issuer's business and may, inter alia, impair the Issuer's ownership and leasing of the Sunborn Gibraltar yacht hotel. Brexit may also make travelling to Gibraltar more cumbersome and expensive, thereby potentially decreasing the number of tourists visiting Gibraltar. Aforementioned political and legislative risks as well as the Issuer's failure to protect against such risks could have an adverse effect on the Issuer's business, financial position, results of operations and future prospects and thereby, on the Issuer's ability to fulfil its obligations under the Bonds.

Low level risk

Regulatory risks

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

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

Low level risk

The Operator and the Issuer are subject to data protection regulations

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

Low level risk

Risk factors (7/14)

Governmental, legal and arbitration proceedings

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

Low level risk

Changes in tax legislation and other taxation risks

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

Low level risk

Financial Risks

Fluctuations in currency exchange rates

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

High level risk

Fluctuations in interest rates

Since the Bonds carry a floating interest rate, the Issuer is subject to an interest rate risk. If the Issuer were to obtain additional financing based on a floating interest rate in the future, this would also affect the interest rate risk for the Issuer. Interest rates are affected by a number of factors that are beyond the Issuer's control, including the interest rate policy of governments and central banks. An increase in interest rates would increase the Issuer's interest commitments, which may have an 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.

Medium level risk

Risk factors (8/14)

Credit risk

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

Low level risk

Ability to service debt

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

High level risk

The Issuer may not be able to obtain financing at a commercially reasonable cost, or at all

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

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

RISKS RELATING TO THE BONDS

Medium level risk

Credit risks

Investors in the Bonds carry a credit risk relating to the Group. The investors' ability to receive payment under the Terms and Conditions will be dependent on the Issuer's ability to meet its payment obligations, which in turn is largely dependent upon the performance of the Group's operations and its financial position. The Group's financial position is affected by several factors of which some are mentioned on the preceding pages. An increased credit risk may cause the market to charge the Bonds a higher risk premium, which would affect the Bonds' value negatively. Another aspect of the credit risk is that a deteriorating financial position of the Group may reduce the Group's possibility to receive debt financing at the time of the maturity of the Bonds.

Medium level risk

Risk factors (9/14)

Refinancing risk

The Group will eventually be required to refinance all of its outstanding debt, including the Bonds. The Group's ability to successfully refinance its debt is dependent on the conditions of the capital markets and its financial condition at such time. The Group's access to financing sources may not be available on favorable terms, or at all.

The Group's inability to refinance its debt obligations on favorable terms, or at all, could have a material adverse effect on the Group's business, financial condition and results of operations and on the bondholders' recovery under the Bonds.

Medium level risk

Interest rate risks

The Bonds' value depends on several factors, one of the most significant over time being the level of market interest rate. The market interest may be subject to significant fluctuations from time to time. Investments in the Bonds involve a risk that the market value of the Bonds may be adversely affected by changes in market interest rates or interest rate expectations. The Bonds bear interest at a floating rate of three months EURIBOR plus a margin and a EURBOR floor at zero per cent will apply. The interest rate of the Bonds is determined two business days prior to the first day of each respective interest period. Hence, the interest rate is to a certain extent adjusted for changes in the level of the general interest rate. There is a risk that an increase of the general interest rate level will adversely affect the value of the Bonds. The general interest rate level is to a high degree affected by the international financial development at large and is therefore outside the Issuer's control.

Medium level risk

Liquidity risks and secondary market

Although the Bonds are admitted to trading on Nasdaq Stockholm, active trading in the Bonds does not always occur and a liquid market for trading in the Bonds might not occur even though the Bonds are listed. This may result in the Bondholders not being able to sell their Bonds when desired or at a price level which allows for a profit comparable to similar investments with an active and functioning secondary market. Lack of liquidity in the market may have a negative impact on the market value of the Bonds. Furthermore, the nominal value of the Bonds may not be indicative compared to the market price of the Bonds. It should also be noted that during a given time period it may be difficult or impossible to sell the Bonds (at all or at reasonable terms) due to, for example, severe price fluctuations, close down of the relevant market or trade restrictions imposed on the market.

Low level risk

The market price of the Bonds may be volatile

The market price of the Bonds could be subject to significant fluctuations in response to actual or anticipated variations in the Group's operating results and those of its competitors, adverse business developments, changes to the regulatory environment in which the Group operates, changes in financial estimates by Bonds analysts and the actual or expected sale of a large number of Bonds, as well as other factors. In addition, in recent years the global financial markets have experienced significant price and volume fluctuations, which, if repeated in the future, could adversely affect the market price of the Bonds without regard to the Group's business, financial position, earnings and ability to make payments under the Bonds.

Low level risk

Risk factors (10/14)

Ability to comply with the Terms and Conditions for the Bonds

The Issuer is required to comply with the Terms and Conditions for the Bonds. Events beyond the Group's control, including changes in the economic and business conditions in which the Group operates, may affect the Issuer's ability to comply with, among other things, the undertakings set out in the Terms and Conditions for the Bonds. A breach of the Terms and Conditions for the Bonds could result in a default under the Terms and Conditions for the Bonds, which would have a negative effect on the Group's operations, results and financial position.

Low level risk

Dependency on other companies within the Group

A significant part of the Group's assets and revenues relate to other Group companies. The Issuer is thus dependent upon receipt of sufficient income and cash flow related to the operations of other Group companies. Consequently, the Issuer is dependent on the Group companies' availability of cash and their legal ability to make payments under any agreements entered into for operational services. Should the Issuer not receive sufficient income from such Group companies, the investor's ability to receive payment under the Terms and Conditions may be adversely affected.

Low level risk

Majority owner

Following any potential change of control in the Issuer, the Issuer may be controlled by a majority shareholder whose interest may conflict with those of the Bondholders, particularly if the Group encounters difficulties or is unable to pay its debts as they fall due. A majority shareholder has legal power to control many of the matters to be decided by vote at a shareholder's meeting. For example, a majority shareholder will have the ability to elect the Board of Directors of the Issuer. Furthermore, a majority shareholder may also have an interest in pursuing acquisitions, divestitures, financings or other transactions that, in their judgment, could enhance their equity investments but might involve risks to the Bondholders. There is nothing that prevents a shareholder or any of its affiliates from acquiring businesses that directly compete with the Group. If such an event were to arise, it could have a material negative impact on the Group's operations, earnings and financial position. If a change of control event occurs, the bondholders will have a right of prepayment of the Bonds (put option). There is a risk that the Issuer lacks liquidity to repurchase the Bonds if the bondholders were to exercise their right of prepayment. Please see the risk factor "Early redemption and put options" below for further information.

Medium level risk

Risks relating to the transaction security

Although the Issuer's obligations towards the investors under the Bonds are secured by first priority security over the shares in certain Group companies, the Barge, certain insurances, business mortgages and certain accounts, it is not certain that the proceeds of any enforcement sale of the security assets would be sufficient to satisfy all amounts then owed to the investors.

Sunborn International Oy (the "Shareholder") has been granted a second priority interest in the Barge. The relation between the bondholders and the Shareholder, as second ranking pledgee, is governed by a subordination agreement and the rights of the Shareholder, as second ranking pledgee, is fully subordinated to the rights of the bondholders. However, the security trustee, acting on behalf of the bondholders, may, pursuant to applicable law, have fiduciary duties to the Shareholder, as second ranking pledgee, when enforcing the security over the Barge. This duty may restrict the bondholders from enforcing the security in any manner they see fit (including with respect to method, type, timing and purchase price).

The bondholders are represented by Nordic Trustee & Agency AB (publ) as security agent (the "Security Agent") in all matters relating to the transaction security. There is a risk that the Security Agent, or anyone appointed by it, does not properly fulfil its obligations in terms of perfecting, maintaining, enforcing or taking other necessary actions in relation to the transaction security. Further, the transaction security is subject to certain hardening periods during which times the bondholders do not fully, or at all, benefit from the transaction security.

Risk factors (11/14)

The Security Agent is entitled to enter into agreements with members of the Group or third parties or to take any other action necessary for the purpose of maintaining, releasing or enforcing the transaction security or for the purpose of settling, among other things, the bondholders' rights to the security.

Medium level risk

Risks relating to enforcement of the transaction security

If a Group Company, which shares have been pledged in favor of the bondholders, is subject to any foreclosure, dissolution, winding-up, liquidation, recapitalization, administrative or other bankruptcy or insolvency proceedings, the shares that are subject to such pledge may then have limited value because all of the subsidiary's obligations must first be satisfied, potentially leaving little or no remaining assets in the subsidiary for the bondholders. As a result, the bondholders may not recover the full value (or any value in the case of an enforcement sale) of the shares. In addition, the value of the shares subject to pledges may decline over time.

The value of any intragroup loans and insurances that are subject to security in favour of the Secured Creditors is largely dependent on the relevant debtor's ability to repay such intragroup loan. Should the relevant debtor be unable to repay debt obligations upon enforcement of pledge over the intragroup loans, the Secured Creditors may not recover the full value of the security granted under such intra-group loans.

If the proceeds of an enforcement are not sufficient to repay all amounts due under or in respect of the Bonds, then the bondholders will only have an unsecured claim against the Issuer and its remaining assets (if any) for the amounts which remain outstanding under or in respect of the Bonds.

Medium level risk

Security granted to secure the Bonds may be unenforceable or enforcement of the security may be delayed

The insolvency laws of applicable jurisdictions may not be as favourable to the bondholders as bankruptcy laws of other jurisdictions and may preclude or limit the right of the bondholders from recovering payments under the Bonds. The enforceability of the transaction security may be subject to uncertainty. The transaction security may be unenforceable if (or to the extent), for example, the granting of the security were considered to be economically unjustified for such security providers (corporate benefit requirement). Furthermore, the transaction security may be limited in value, inter alia, to avoid a breach of the corporate benefit requirement.

The transaction security may not be perfected, inter alia, if the security agent or the relevant security provider is not able to or does not take the actions necessary to perfect or maintain the perfection of any such security. Such failure may result in the invalidity of the relevant transaction security or adversely affect the priority of such security interest, including a trustee in bankruptcy and other creditors who claim a security interest in the same transaction security.

If the Issuer is unable to make repayment under the Bonds and a court renders a judgment that the security granted in respect of the Bonds is unenforceable, the bondholders may find it difficult or impossible to recover the amounts owed to them under the Bonds. Therefore, there is a risk that the security granted in respect of the Bonds might be void or ineffective. In addition, any enforcement may be delayed due to any inability to sell the security assets.

Low level risk

Risk factors (12/14)

Subsidiaries, structural subordination and insolvency of Group

A significant part of the Group's assets and revenues relate to other companies within the Group. The various Group companies are legally separated from the Issuer and the Group companies' ability to make payments to the Issuer is restricted by, among other things, the availability of funds, corporate restrictions and law. Furthermore, in the event of insolvency, liquidation or a similar event relating to one of the Group companies, all creditors of such subsidiary would be entitled to payment in full out of the assets of such Group company before any entity within the Group, as a shareholder, would be entitled to any payments. Thus, the Bonds are structurally subordinated to the liabilities of the Group companies. The Group and its assets may not be protected from any actions by the creditors of any Group company, whether under bankruptcy law, by contract or otherwise. In addition, defaults by, or the insolvency of, certain Group companies could result in the obligation of the Group to make payments under parent Group financial or performance guarantees in respect of such Group company's obligations or the occurrence of cross defaults on certain borrowings of the Group.

Low level risk

Security over assets granted to third parties

Subject to certain limitations from time to time, the Issuer may incur additional financial indebtedness and provide additional security for such indebtedness. If security is granted in favor of a third-party debt provider, the bondholders will, in the event of bankruptcy, re-organization or winding-up of the Issuer, be subordinated in right of payment out of the assets being subject to security provided to such third-party debt provider. In addition, if any such third-party debt provider holding security provided by the Group were to enforce such security due to a default by any company within the Group under the relevant finance documents, such enforcement could have a material adverse effect on the Group's assets, operations and, ultimately, the financial position of the bondholders.

Low level risk

Currency risks

The Bonds are denominated and payable in EUR. If bondholders holding Bonds measure their investment return by reference to a currency other than EUR, an investment in the Bonds will entail foreign exchange-related risks due to, among other factors, possible significant changes in the value of the EUR relative to the currency by reference to which investors measure the return on their investments. This could decrease the effective yield of the Bonds to below their stated coupon rates and could result in a loss to investors when the return on the Bonds is translated into the currency by reference to which the investors measure the return on their investments. Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate or the ability of the Issuer to make payments in respect of the Bonds. As a result, there is a risk that investors receive less interest or principal than expected, or no interest or principal at all.

Low level risk

Risk factors (13/14)

Early redemption and put options

The Issuer has reserved the possibility to, under certain circumstances as described in the terms and conditions, redeem all outstanding Bonds. There is a risk that the market value of the Bonds is higher than the early redemption amount and that it may not be possible for bondholders to reinvest such proceeds at an effective interest rate as high as the interest rate on the Bonds and may only be able to do so at a significantly lower rate. The Bonds will be subject to prepayment at the option of each bondholder (put options) if (i) Sunborn Oy ceases to be the direct or indirect owner of all the shares in each Obligor, or (ii) Ritva Niemi or Pekka Niemi or any of their heirs cease directly or indirectly to (A) have the power to cast, or control the casting of, at least 50 per cent. of the votes attaching to the shares of Sunborn Oy, and (B) hold at least 50 per cent. of the issued share capital of Sunborn Oy.

There is a risk that the Issuer will not have sufficient funds at the time of such prepayment to make the required prepayment of the Bonds which could adversely affect the Issuer, e.g. by causing insolvency or an event of default under the terms and conditions, and thus adversely affect all bondholders and not only those that choose to exercise the option.

Low level risk

Benchmark Regulation

Interest payable on the Bonds is calculated by reference to EURIBOR. The process for determining EURIBOR and other interest-rate benchmarks is subject to a number of legislative acts and other regulations. Some of these acts and regulations have already been implemented whilst some are set to be implemented in the near future. The most extensive initiative in this respect is the Benchmark Regulation (Regulation (EU) 2016/1011 of the European parliament and of the council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds and amending Directives 2008/48/EC and 2014/17/EU and Regulation (EU) No 596/2014). The Benchmark Regulation came into force on the 1 January 2018. The Benchmark Regulation addresses the provision of benchmarks, the contribution of input data to benchmarks and the use of benchmarks within the European Union. The effect of the Benchmark Regulation cannot yet be fully determined due, among other things, to the limited time period that the regulation has applied. However, there is a risk that the Benchmark Regulation will affect how certain benchmarks are determined and how they develop in the future. This could, for example, lead to increased volatility regarding some benchmarks. A further potential risk is that increased administrative requirements, and resulting regulatory risk, may discourage stakeholders from participating in the production of benchmarks, or that some benchmarks cease to be provided. If this would happen in respect of benchmark that is used for the Bonds, it could potentially have negative effects for the Bondholders.

Low level risk

No action against the Issuer and bondholders' representation

In accordance with the terms and conditions, a bondholders' agent (the "Agent") (being on the Issue Date Nordic Trustee & Agency AB (publ)) represents all bondholders in all matters relating to the Bonds and the bondholders are prevented from taking actions on their own against the Issuer. Consequently, individual bondholders do not have the right to take legal actions to declare any default by claiming any payment from or enforcing any security granted by the Issuer and may therefore lack effective remedies unless and until a requisite majority of the bondholders agree to take such action. However, there is a risk that an individual bondholder, in certain situations, could bring its own action against the Issuer (in breach of the terms and conditions) which could negatively impact an acceleration of the Bonds or other action against the Issuer.

To enable the Agent to represent bondholders in court, the bondholders and/or their nominees may have to submit a written power of attorney for legal proceedings. The failure of all bondholders to submit such a power of attorney could negatively affect the legal proceedings. Under the terms and conditions, the Agent will in some cases have the right to make decisions and take measures that bind all bondholders. Consequently, the actions of the Agent in such matters could impact a bondholder's rights under the terms and conditions in a manner that would be undesirable for some of the bondholders.

A failure by a trustee to perform its duties and obligations properly or at all may adversely affect the enforcement of the rights of the bondholders due to, for example, inability to receive any or all amounts payable from the transaction security in a timely and efficient manner.

Low level risk

Risk factors (14/14)

Bondholders' meetings

The Terms and Conditions include certain provisions regarding bondholders' meetings. Such meetings may be held in order to resolve on matters relating to the bondholders' interests. The terms and conditions allow for stated majorities to bind all bondholders, including bondholders who have not taken part in the meeting and those who have voted differently to the required majority at a duly convened and conducted bondholders' meeting. A bondholder may, for instance, be bound by a majority's decision to accept a change of the interest rate or decision to accept a change of the final maturity date. Consequently, the actions of the majority in such matters could impact a bondholder's rights in a manner that would be undesirable for some of the bondholders.

Low level risk

Conflict of interests

The Sole Bookrunner may in the future engage in investment banking and/or commercial banking or other services for the Group in the ordinary course of business. Accordingly, conflicts of interest may exist or may arise as a result of the Sole Bookrunner having previously engaged, or engaging in the future, in transactions with other parties, having multiple roles or carrying out other transactions for third parties with conflicting interests.

Low level risk

The rights of bondholders depend on the Agent's actions and financial standing

By subscribing for, or purchasing, or accepting the assignment of, any Bond, each holder of a Bond will accept the appointment of the Agent to act on its behalf and to perform administrative functions relating to the Bonds. The Agent shall have, among other things, the right to represent the holders of the Bonds in all court and administrative proceedings in respect of the Bonds. However, the rights, duties and obligations of the Agent as the representative of the holders of the Bonds are subject to the provisions of the terms and conditions for the Bonds and the agency agreement, and there is no specific legislation or market practice in Sweden (under which laws the terms and conditions for the Bonds are governed) which would govern the Agent's performance of its duties and obligations relating to the Bonds.

A failure by the Agent to perform its duties and obligations properly or at all may adversely affect the enforcement of the rights of the holders of the Bonds. Under the terms and conditions for the Bonds, the funds collected by the Agent as the representative of the holders of the Bonds must be held separately from the funds of the Agent and be treated as escrow funds to ensure that in the event of the Agent's bankruptcy, such funds can be separated for the benefit of the holders of the Bonds. However, there is a risk that such segregation of funds will not be respected by a bankruptcy administrator in case of the Agent's bankruptcy. Also, in the event the Agent would fail to separate the funds in an appropriate manner, the funds could be included in the Agent's bankruptcy estate. The Agent may be replaced by a successor bondholders' agent in accordance with the terms and conditions for the Bonds.

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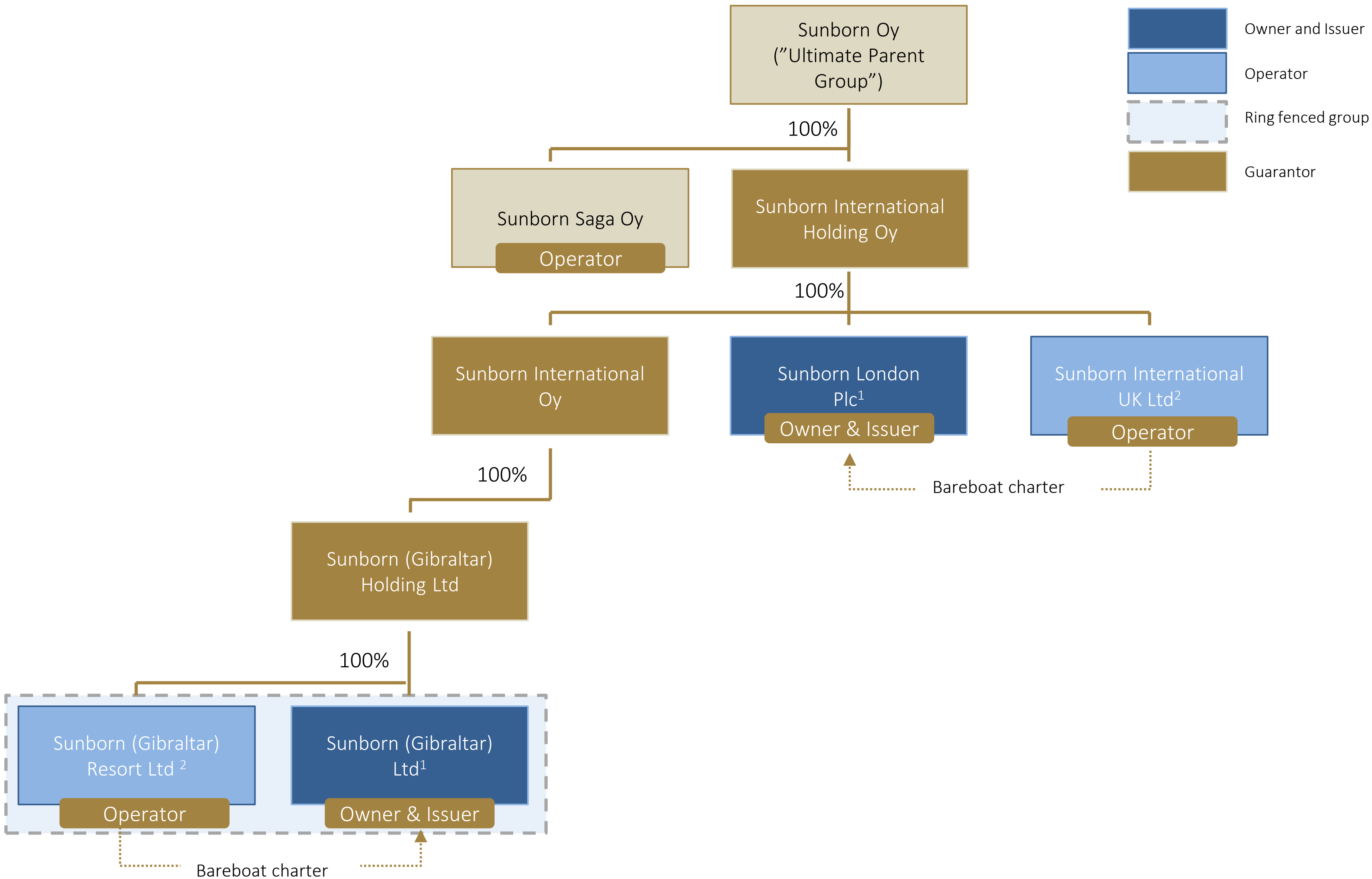
Sunborn legal structure chart



1) Asset owner and lessor, 2) Site owner and lessee

Summary of internal bareboat agreement

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

Summary of mooring agreement

Grantor	Ocean Village Investments Limited
Grantee	Sunborn (Gibraltar) Limited
Effective date	15th August 2013
Purpose	Berthing the Vessel (Sunborn Gibraltar) or other such vessel (of similar size and fitted out to a similar standard to the Vessel)
Fee	From 15th August 2013 to the day before the date the Vessel is actually delivered to the Berth, the Grantee will pay the Grantor a reduced fee of £120,000 per annum. From effect when the Vessel is delivered to the Berth, the standard Berthing fee will be £480,000 per annum (the “Base Fee”). This shall be discounted by 20% if the annual payment is received in advance, or discounted by 15% if 6 months payment is received in advance. The Base fee shall be adjusted upwards annual by applying the same percentage increase by which the UK RPIJ (capped Yr1: 2.0%, Yr2: 2.25%, Yr3:2.5%, Yr4: 2.75%). Base Fee is to be paid at least monthly and in advance
Tenor	15 years (from 15th August 2013 – “the Licence Period”) (+25 years extension has been approved)
Selected Grantor’s obligations	Provide the Grantee with reasonable and unimpeded passage from the Berth, allow the Grantee to operate its business activities without hindrance, ensure the Grantor and external contractors employed by the Grantor do not disturb the business activities of the Grantee and allow reasonable access to the Vessel for pedestrians and vehicles through the Grantor’s property
Selected Grantee’s obligations	The Vessel cannot be moved from the Berth to any other location in Gibraltar, other than (a) for repairs / routine service, (b) if the Vessel is replaced with another vessel of similar size and fitted out to a similar standard. The grantee must also maintain, provide and keep adequate insurance in relation to the Vessel, its fixtures and fittings and owned infrastructure on the permanent dock. The Grantee must comply with all requirements of the insurers
Termination	The grantee may terminate this Licence Agreement under the following circumstances; (a) by giving the Grantee 60 days notice and paying the “Berth Cancellation and Leaving Fee” of £1.2m, together with any other outstanding debts, fees and costs due, and (b) by giving 6 months notice and paying the Grantor a sum equivalent to twice the annual base Fee, together with any other outstanding debts, fees and costs due. Third Party Services and Facilitating Removal Works will be the responsibility of the Grantee. In the event either party finds a replacement vessel for the Berth, the compensation payments in (a) and (b) will be reduced by 50%. Both parties have a right to terminate the licence if any material breach has been committed by either party, the Grantee fails to pay any payments due within 30 days, if the berth becomes unsuitable or unsafe for the Mooring of the Vessel or if there is a change to laws or regulation which prevents the Grantee from operating the hotel on the Vessel
Governing law	Law of Gibraltar

Insurance summary

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

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