

YACHT HOTEL

“SUNBORN LONDON”

Valuation Report



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Developed by:

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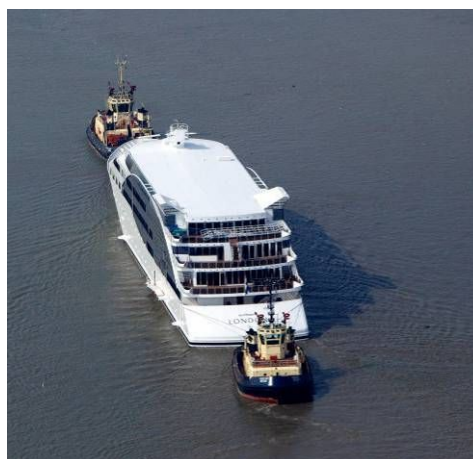
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1. PURPOSE OF THIS REPORT

This report is carried out on the request of the present shipowner of the floating yacht hotel, the Finnish firm **Sunborn International Ltd** (hereunder “Sunborn”) (www.sunborn.com).

On July 2009, a valuation report was carried out for this Client, when the ship was permanently moored at Naantali Spa Resort in Finland.

The floating hotel was towed to a new location in London on April 2014, after several upgrading works. For this reason a new valuation was developed taking into account the modifications onboard, and a thorough onboard inspection was carried out on May 2014.



This new report is carried out again at the request of SUNBORN, updating value of vessel for April 2015.

Vessel has not significant modifications from last year, and no onboard inspection has been considered necessary.

2. VESSEL PARTICULARS

Below are described the current main characteristics of the Yacht Hotel.

2.1 General description

The vessel is a non-propelled yacht hotel designed for operating in sheltered waters and moored along a quayside or pier.

The hotel is used as a modern high class hotel of 139 cabins, and has been designed to operate in approximately 3 metres of water depth. It has 5 accommodation decks (from deck 1, the lowest, to deck 5, the upper). The machinery rooms, electrical switchboards, tanks, stores, etc. are fitted at deck 0.

The vessel has no crew accommodation, but includes a staff space at deck nº1 for storage, spares and maintenance.



2.8 Accommodation

2.8.1. THE CABINS

There are 139 cabins on board, including 5 suites or high class cabins. All rooms are outside type and includes bathroom.

Standard Rooms and Suites are both decorated with high class materials to suit demanding taste. Features include custom made wooden cabinets and drawers decorated in veneer intarsia/inlay made in Italy with an exclusive design, specially designed Brinton's carpeting and top-line fabrics for soft furnishings. The vessel is extremely well insulated and this reflects in better than average noise protection.



All textiles in the rooms were selected to suit fire and safety requirements and demanding clientele.

<i>Room type</i>	<i>Surface (m²)</i>	<i>Quantity</i>	<i>N^o persons</i>	<i>Total capacity</i>
Royal suite	61,5	2	4	8
Owner's suites	43,3	2	4	8
Wheel house suite	56,7	1	2	2
State rooms w/bathroom	30,1	70	4	280
Executive state rooms w/bathroom	25,0	14	2	28
Staterooms w/bathroom and balcony	27,2	50	4	200
TOTAL		139		526



2.8.2. PUBLIC AREAS

Auditorium. Sited at the fore part of the vessel and along two decks (1st and 2nd decks). Designed to accommodate between 50-60 guests, the auditorium is equipped with the latest conference and communications technology to facilitate smooth presentations and information-sharing activities. The conference room is air conditioned and can be darkened using electrically controlled curtains. There are also cabinets for storing the necessary equipment and arranging buffet for snacks/coffee. From the conference room there is a door leading to the balcony outside.



Conference room. Sited on deck 4, can be combined into one larger conference room by opening the sliding wall. Room can also be opened to the restaurant.



Bar / night club. Has a capacity for maximum 193 persons, and the terrace has further capacity of approximately 50 persons. The bar is equipped with refrigerated storage drawers and cabinets, secure alcohol shelving, sockets and connections for Point-of-sale system, glass dishwasher (Electrolux), and a stainless steel bar system.



Restaurant. Situated on the 4th deck, it has been designed for high quality fine dining. The restaurant in normal set-up can seat up to 100 persons in the dining lounge. The lounge is connected to conference room 2 and 3, thus allowing extension of dining facilities for up to 150 seats



Galley. Situated on the 4th deck, equipment is top-line. The galley area has direct access to service elevator and contains its own refrigerated (central cooled) walk-in fridge approximately. 2.6 m². The galley has a staff bathroom.

Captain's club.

Situated at the theoretical wheelhouse (deck 5), is a private lounge with a separate sauna area. The lounge has comfortable leather furniture for 14 people arranged around 2 coffee tables with inlay design. The walls are panelled with wooden panels in marine motif. The lighting is tastefully arranged with halogen lights and table lamps. There is a cabinet system with conference equipment for smaller gatherings, refrigerator for beverages and space for other necessary items. There is a TV cabinet with VCR and radio/CD sound system.

The lounge has access to a private stern terrace with outdoor furniture. The lounge includes two separate bathrooms. The dressing room has space for 14 people. It is decorated in alder panelling. It is equipped with floor heating for comfort. There are 5 wardrobes and hooks with shelves for changing into bathing gear. There is a mirror with table beneath it with hair dryer. An inlay table with marine motif is an ideal decoration.



The shower room has 2 showers, space for hanging towels etc. It is completely tiled with floor heating. The Sauna is panelled in apache wood. The Sauna stove is in the middle of the room with fibre optic lights arranged above it. The Sauna has large panorama windows in triple glass.



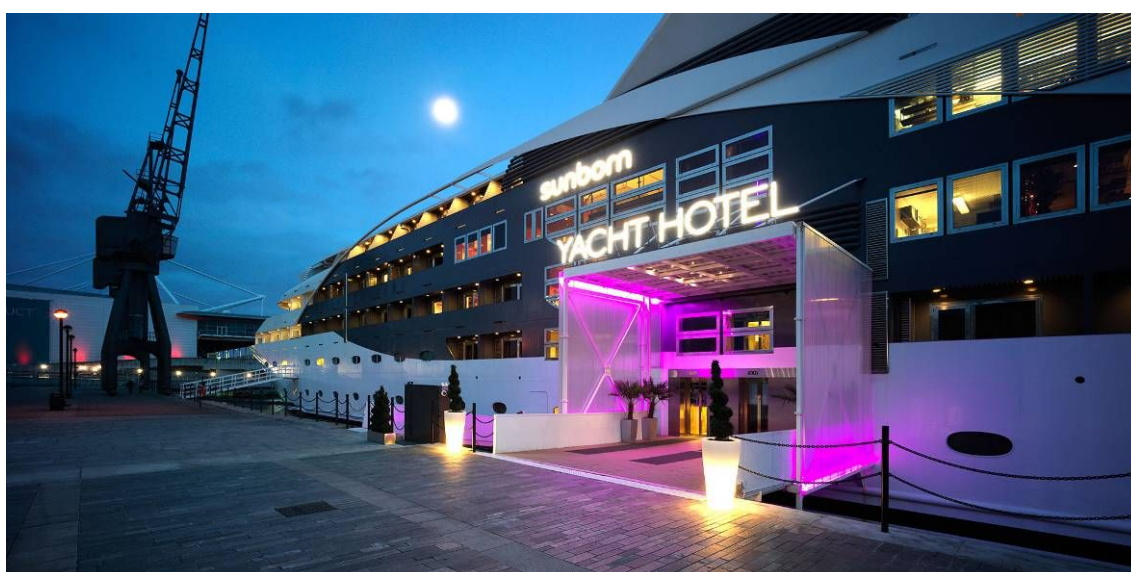
3. UPGRADING WORKS

Upgrading works were carried out at the beginning of 2014, consisting basically in a new exterior profile and renewal of main accommodation rooms and cabins (new furniture and materials). Also some new equipment have been fitted.

In respect of the exterior upgrading, the view of ship profile has been redesigned, with the construction of new archs, painting and arrangement of windows and doors. New panoramic windows have been fitted, with views to Canary Wharf, The Crystal and O₂ Arena:



Also, the ship access has been redesigned and pier-ship connections are upgraded, with new mooring arrangements:





4. METHODOLOGY OF THE EVALUATION

For the appraisal of the Floating Hotel, we will base our analysis on previous reports developed on 2009 and 2014.

In 2009, before upgrading works, valuation was in a gap of 41.5 - 44 millions of Euros.

In 2014, after upgrading works, value of vessel was estimated in 43 millions of Euros. SUNBORN decided to refit the floating hotel for the new location at London.

Concerning to market situation, overall economy is getting better in general terms. If we have a look to orders of newbuildings of Cruise Ships (*Cruise Line International Association*), period of 2015-2020 is expected to be one of the best periods ever, with a total investment of 26.9 billion USD.

As well, Megayachts market is impressively changing, and coming years seems to be more than successful. According to last report from Boat International (*March 2015*), 19 orders for new superyachts are in the portfolio of specialized shipyards this year.

As commented in several times, SUNBORN Floating Hotels are unique worldwide, and compare them at the international market is quite difficult. So we can assimilate them as a hybrid of Cruise Vessel and MegaYacht.

5. SHIP VALUE

If we take an initial value of 52.000.000 Euros of vessel in 2003, as considered in previous valuation reports, and a final residual value of 10% (5.800.000 Euros) after 40 years, we have following results of depreciation:

YEAR	ACCELERATED	CONSTANT
0	52.000.000,00 €	52.000.000,00 €
1	49.920.000,00 €	50.830.000,00 €
2	47.886.800,00 €	49.660.000,00 €
3	45.900.400,00 €	48.490.000,00 €
4	43.960.800,00 €	47.320.000,00 €
5	42.068.000,00 €	46.150.000,00 €
6	40.222.000,00 €	44.980.000,00 €
7	38.422.800,00 €	43.810.000,00 €
8	36.670.400,00 €	42.640.000,00 €
9	34.964.800,00 €	41.470.000,00 €
10	33.306.000,00 €	40.300.000,00 €
11	31.694.000,00 €	39.130.000,00 €
12	30.128.800,00 €	37.960.000,00 €
13	28.610.400,00 €	36.790.000,00 €
14	27.138.800,00 €	35.620.000,00 €
15	25.714.000,00 €	34.450.000,00 €
16	24.336.000,00 €	33.280.000,00 €
17	23.004.800,00 €	32.110.000,00 €
18	21.720.400,00 €	30.940.000,00 €
19	20.482.800,00 €	29.770.000,00 €
20	19.292.000,00 €	28.600.000,00 €
21	18.148.000,00 €	27.430.000,00 €
22	17.050.800,00 €	26.260.000,00 €
23	16.000.400,00 €	25.090.000,00 €
24	14.996.800,00 €	23.920.000,00 €
25	14.040.000,00 €	22.750.000,00 €
26	13.130.000,00 €	21.580.000,00 €
27	12.266.800,00 €	20.410.000,00 €
28	11.450.400,00 €	19.240.000,00 €
29	10.680.800,00 €	18.070.000,00 €
30	9.958.000,00 €	16.900.000,00 €
31	9.282.000,00 €	15.730.000,00 €
32	8.652.800,00 €	14.560.000,00 €
33	8.070.400,00 €	13.390.000,00 €
34	7.534.800,00 €	12.220.000,00 €
35	7.046.000,00 €	11.050.000,00 €
36	6.604.000,00 €	9.880.000,00 €
37	6.208.800,00 €	8.710.000,00 €
38	5.860.400,00 €	7.540.000,00 €
39	5.558.800,00 €	6.370.000,00 €
40	5.304.000,00 €	5.200.000,00 €

According to previous table, present value of the vessel lies between 30.13 and 38 millions of Euros, without considering upgrading works during 2014.

For selecting constant depreciation, following considerations have been taken into account:

- Vessel is not a conventional sailing vessel, and will be permanteley moored along quayside
- Vessel is not equipped with usual equipments onboard as main engine, generators, propeller, shaft line, which are in most of case those to have excellent maintenance and need to be overhauled periodically.
- SUNBORN Hotels is a leader company at luxury market, where permanent upgrading of rooms and public spaces is required.

If we take into account excellent previsions and report for cruise vessels and Large yachts in next years, and we add investment costs of approximately 4 millions of Euros for refitting the vessel on 2014, we can approximate a mean value of **42,000,000 €** (**FORTY TWO MILLIONS OF EUROS**)

6. FINAL REMARKS

To sum up all of the above, the market value of the vessel object of this report, after the upgrading works, may be estimated in **42,000,000 Euros**.

This report has been drawn up with the mentioned documents provided by Sunborn or the designer, with the results of previous ship appraisal made in 2009 and 2014, with the knowledge of the ship after onboard inspection carried out in 2009 and May of 2014 and the quality and standards used by Sunborn in this ship. The valuation has been made in good faith, according to the above information and with the experience of the author, but without accepting any responsibility neither for any incorrect, incomplete or unprovided information, nor for the results of their evaluation or any possible unintended errors committed in the preparation.

Finally, the Author of this Report is a Senior Naval Architect with almost 15 years of experience, mainly in designing vessels and Technical Assistance to Shipowners, Insurance Companies, Banks, etc. He is also a certified in Marine Claims by Lloyds collaborates with some financial entities (for example Banco Santander) in evaluating ships and analysing newbuildings contracts carried out in Spanish shipyards during the last seven years.

Madrid, 20th of April 2015



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