

# SUNBORN GIBRALTAR



QUARTERLY FINANCIAL REPORT  
1 July – 30 September 2021  
SUNBORN (GIBRALTAR) LIMITED

sunborn

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**PERIOD ENDED 30 SEPTEMBER 2021 REPORT**

GBP thousand	1 Jul- 30 Sep 2021	1 Jul- 30 Sep 2020	1 Jan- 30 Sep 2021	1 Jan- 30 Sep 2020	1 Jan-31 Dec 2020
Rental income	795	681	2,385	1,609	2,404
EBITDA	724	615	2,209	1,430	2,180
Investment property (yacht hotel)			80,766	83,237	82,623
Total Equity			5,828	818	5,781
Bond			49,815	52,351	51,727

**Key Figures Operator Sunborn (Gibraltar) Resort Limited**

GBP thousand	1 Jul- 30 Sep 2021	1 Jul- 30 Sep 2020	1 Jan- 30 Sep 2021	1 Jan- 30 Sep 2020	1 Jan-31 Dec 2020
Turnover	3,949	1,310	6,307	2,747	3,899
EBITDAR	1,671	254	2,730	121	239

**Chief Executive Director, Hans Niemi**

Outstanding performance in Gibraltar continued in Q3 with total Operator revenue for the quarter ending at +201% YoY 2020 and EBITDA at +558% YoY 2020. Compared to results in 2019, KPI's exceeded pre-covid performance with revenue up +26%, EBITDA up 44%, ADR and RevPar up +10% and +33% respectively. Payroll, expense controls and management adaptations over the past year combined with an outstanding level of business contributed to the Operator's overall financial success during the period. The amended bond terms and conditions introduced an Operator covenant 80 % quarterly EBITDA vs 2019 Q3, which was exceeded at 1.671 £M or > 144 % (2019 Q3 EBITDA was £M 1.161). Appropriately, the hotel won the prestigious title of Gibraltar's Leading Hotel at the 2021 WTA.

**General**

Sunborn (Gibraltar) Limited owns a luxury yacht hotel "Sunborn Gibraltar" docked at Ocean Village in Gibraltar, which it has leased to its sister company Sunborn (Gibraltar) Resort Ltd. The hotel operations of the yacht hotel Sunborn Gibraltar are run by management company Sunborn (Gibraltar) Resort Ltd in accordance with the lease contract. The yacht hotel is equipped with 189 cabins, including 22 suites, conference, and ball room facilities for up to 400 delegates, two restaurants, three bars, casino and lounges inside the yacht hotel. Sunborn Gibraltar's sole operation consists of acting as a lessor of the yacht hotel.

**Issuer Sunborn Gibraltar Ltd Financial summary 1 July – 30 September 2021**

The Issuer Sunborn Gibraltar Ltd receives lease income from the Operator. Lease income in Q3 2021 was £795 K (£681K in Q3 2020). Costs were in line with previous year.

The fair value of the Yacht hotel is at €107.6 Million based on the latest valuation report dated June 2021.

**Operator Financial summary 1 July– 30 September**

Total Revenue for the Quarter ended with £M 3,949 (+200% YoY 2020) and EBITDA at £M 1,671 (+558% YoY 2020). ADR and RevPar were at positive levels compared to 2019 at +10% and +33% respectively with EBITDA up +44% over the same period in 2019. Payroll, expense controls and management adaptations over the past year combined with an outstanding level of business contributed to the Operator's overall financial success during the period. Now, the future of Q4 looks to be on track with positive levels of bookings in both rooms and food & beverage.

*New Financial Covenant – Operator's quarterly EBITDA*

A new financial covenant was included in the written procedure approved in June 2020 to measure quarterly Operator EBITDA for each ending quarter: 31 December 2020, 31 March 2021, 30 June 2021 and 30 September 2021 compared to Operator EBITDA for the corresponding quarter in 2019.

In Q1, due to anticipated extraordinary Covid circumstances, the parent company provided the Operator with a subordinated shareholder loan in an amount sufficient to ensure compliance with the Q1 Temporary Maintenance Test (the "Operator Cure Amount").

No action was needed in Q2 where the covenant was met. Also, in Q3 2021 Operator EBITDA requirement 80 % vs Q3 2019 EBITDA was exceeded at 1.671 £M or > 144 % (2019 Q3 EBITDA was £M 1.161).

**Business environment**

Leisure travel from UK has rebounded and all hotels in Gibraltar are experiencing record levels of occupancy with the business environment in Q3 now much improved. In Q1 and Q2 the main feeder market being the UK was under lockdown until end of May 2021 including UK government banned all non-essential travel outbound from the UK until May 17<sup>th</sup>. In Q3 The Gibraltar Airport continued to record rebounding positive levels over 2020 with airline movements at a rate of +54.6% YoY and passengers at +47.8% YoY.

Gibraltar enjoyed the new summer airline routes by Eastern Airways, Wizz Air and EasyJet as well as British Airways during the period which peaked at 45 flights per week equivalent to the highest levels recorded (in 2017). The summer schedule for 2022 has already been released and the airlines have indicated they will resume the same level as 2021.

During the period, the hotel continued to maintain high levels of Guest satisfaction ratings reflected by Trip Advisor rating of #3, Booking.com rating of 8.6/10, Hotels.com rating of 9.0/10, Expedia.com 4.6/5 during the period and maintains the AA rating of Five Star for the hotel and 2 Rosettes for the main restaurant.

**Notable events during and after the end of the reporting period and estimate future development**

Sunborn Gibraltar won the prestigious title of Gibraltar's Leading Hotel at the 2021 World Travel Awards in the beginning of November.

*Covid-19*

See *business environment above*. Pandemic related restrictions on normal business operation in Gibraltar started in March 2020 and many policy decisions by government continued through to Q2 2021. The hotel is reliant on

clients being able to travel via airlines and the Gibraltar-Spain land border, free movement of people and availability of commercial flights to and from Gibraltar, free public gathering and ability to offer food and beverage services.

The Gibraltar Health Authority has successfully vaccinated nearly 100% of its citizens and cross border workers or has allotments for inoculations.

In 2020 as the pandemic started, the ability of the operator to operate the business and pay rents normally during the closure and the subsequent recovery period was negatively affected and as a result, Sunborn Gibraltar written procedure to amend bond terms and conditions was accepted June 2020 and secured certain waivers and amendments to the terms and conditions of the bonds. The waivers have provided the company with relief on interest coverage ratio, minimum cash covenant and lease payment covenant. Notably, the Issuer has paid all coupons normally thorough out the pandemic.

The company has taken advantage of government compensation programs for affected businesses for which the Operator is eligible including "BeatCovid" grants as financial assistance. This financial aid has ceased as of May 2021. Management is confident the business is well placed to continue operations normally upon the lifting of prohibitive restrictions regardless of the subsequent changes in the operating environment.

Q4 is showing signs of recuperation in some business travel and pre-bookings for Christmas events. However, leisure travel remains dominant over corporate or event travel.

#### *Brexit*

UK has officially left the EU 1.1.2020 and the transition period ended 31.12.2020. Gibraltar, UK and Spain are in process of ratifying an in-principle agreement allowing Gibraltar to form part of Schengen travel zone. Management views this as a major positive step in development of future tourism and travel in Gibraltar.

#### **Short-term risks and uncertainties**

Sunborn Gibraltar's financial risks related to business are market risk (including interest rate risk), credit risk, liquidity risk, refinancing risk and business interruption due to incidents relating to environmental and or public health risks. Floating interest rate risk has not been hedged.

The Covid -19 outbreak is severely and negatively affecting the tourism market globally. New or prolonged Covid -19 restrictions can further impact the Company's business through continued negative impact on the operator. Prolonged crisis could also in the long term impact the fair value of the yacht hotel the Company holds as investment property.

The Company is exposed to foreign currency risk through rental receivables and future cash flows arising from the lease contract of the Yacht hotel that is denominated in GBP. The management of the company closely monitors the development of the GBP/EUR exchange rate and aims to protect the Company against unfavourable developments at the group level.

High volatility in pound sterling versus euro is expected to continue with a risk of a further depreciation of the pound that could in the short to intermediate term impact negatively on operational costs and profitability.

Financial risk management carried out by the management of the Company aims to protect the Company against unfavourable developments in the financial markets and ensure the performance. The management review financial risks on regular basis to manage financial risk position and decide on necessary actions.

**STATEMENT OF COMPREHENSIVE INCOME**

GBP thousand	Note	1 Jul- 30	1 Jul- 30	1 Jan- 30	1 Jan- 30	Audited
		Sep 2021	Sep 2020	Sep 2021	Sep 2020	1 Jan- 31 Dec 2020
Rental income from group companies	3	795	681	2,385	1,609	2,404
Depreciation	4	(620)	(630)	(1,867)	(1,890)	(2,522)
Other operating expenses		(71)	(66)	(176)	(179)	(224)
<b>Operating profit/(loss)</b>		<b>105</b>	<b>(15)</b>	<b>342</b>	<b>(460)</b>	<b>(342)</b>
Conversion to Capital reserve of intercompany loan		-	-	-	-	5,000
Foreign exchange gain / (loss)		(146)	-	2,192	(3,501)	(2,847)
Finance cost - amortisation of borrowing cost		(94)	(362)	(283)	(552)	(654)
Finance cost - group borrowings		(97)	(116)	(292)	(348)	(465)
Finance costs - other borrowings		(630)	(681)	(1,912)	(2,042)	(2,633)
Finance costs, net		(967)	(1,159)	(295)	(6,444)	(6,599)
<b>Profit/(loss) before taxes</b>		<b>(863)</b>	<b>(1,175)</b>	<b>47</b>	<b>(6,904)</b>	<b>(1,941)</b>
Income tax expense		-	-	-	-	-
<b>Profit/(loss) for the period</b>		<b>(863)</b>	<b>(1,175)</b>	<b>47</b>	<b>(6,904)</b>	<b>(1,941)</b>
<b>Total comprehensive income/(loss) for the period</b>		<b>(863)</b>	<b>(1,175)</b>	<b>47</b>	<b>(6,904)</b>	<b>(1,941)</b>

**STATEMENT OF FINANCIAL POSITION**

GBP thousand	Note	Unaudited 30 September 2021	Audited 31 December 2020	Unaudited 30 September 2020
<b>ASSETS</b>				
<b>Non-current assets</b>				
Investment property	4	<b>80,766</b>	82,623	83,237
Property, plant and equipment	5	-	-	7
Total non-current assets		<b>80,766</b>	82,623	83,244
<b>Current assets</b>				
Receivables from group companies		<b>1,805</b>	2,148	2,212
Other receivables		<b>316</b>	322	302
Cash and cash equivalents		<b>1,154</b>	292	261
Total current assets		<b>3,275</b>	2,762	2,776
Total assets		<b>84,041</b>	85,385	86,019
<b>EQUITY</b>				
<b>Capital and reserves attributable to the Company's equity holders</b>				
Share capital	6	<b>3</b>	3	3
Share premium	6	<b>15,604</b>	15,604	15,604
Capital reserves	6	<b>15,000</b>	15,000	10,000
Retained result		<b>(24,779)</b>	(24,826)	(24,789)
Total equity		<b>5,828</b>	5,781	818
<b>LIABILITIES</b>				
<b>Non-current liabilities</b>				
Payables to group companies		<b>25,997</b>	25,997	30,997
Borrowings	7	<b>49,815</b>	51,727	52,351
Total non-current liabilities		<b>75,812</b>	77,724	83,348
<b>Current liabilities</b>				
Payables to group companies		<b>1,972</b>	1,470	1,386
Other payables		<b>429</b>	410	467
Total current liabilities		<b>2,401</b>	1,880	1,853
Total liabilities		<b>78,213</b>	79,604	85,201
Total equity and liabilities		<b>84,041</b>	85,385	86,019

**STATEMENT OF CHANGES IN EQUITY**

GBP thousand	Share capital	Share premium	Capital reserve	Retained earnings	Total equity
<b>Equity at 01 January 2020</b>	<b>3</b>	<b>15,604</b>	<b>10,000</b>	<b>(17,885)</b>	<b>7,722</b>
Result for the period to 30 September 2020	-	-	-	(6,904)	(6,904)
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(6,904)</b>	<b>(6,904)</b>
<b>Equity at 30 September 2020</b>	<b>3</b>	<b>15,604</b>	<b>10,000</b>	<b>(24,789)</b>	<b>818</b>
Conversion to Capital reserve of intercompany loan			5,000	(5,000)	
Result for the period to 31 December 2020	-	-	-	(1,941)	(1,941)
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(6,941)</b>	<b>(1,941)</b>
<b>Equity at 31 December 2020</b>	<b>3</b>	<b>15,604</b>	<b>15,000</b>	<b>(24,826)</b>	<b>5,781</b>
Result for the period to 30 September 2021	-	-	-	47	47
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>47</b>	<b>47</b>
<b>Equity at 30 September 2021</b>	<b>3</b>	<b>15,604</b>	<b>15,000</b>	<b>(24,779)</b>	<b>5,828</b>



**STATEMENT OF CASH FLOWS**

GBP thousand	1 Jan - 30 Sep 2021	1 Jan - 30 Sep 2020	Audited 1 Jan - 31 Dec 2020
<b>Operating activities</b>			
Operating profit/ (loss)	342	(460)	(342)
<b>Adjustment for:</b>			
Depreciation	1,867	1,902	2,522
<b>Change in working capital:</b>			
Change in receivables from group companies	343	(255)	(276)
Change in other receivables	3	15	(3)
Change in payables to group companies	210	(55)	(3)
Change in other payables	19	98	41
Net cash flows from /(used in) operations before interest payments	2,784	1,244	1,939
Interest paid	(1,912)	(2,042)	(2,708)
Net cash flows from /(used in) operations	872	(798)	(768)
Cash used in investing activities			
Additions in investment property	(9)	-	-
Cash flows from financing activities			
Repayment of borrowings from Group company	-	-	-
Transaction costs paid	-	-	-
Net cash flows from financing activities	-	-	-
Net increase / (decrease) in cash and cash equivalents	863	(798)	(768)
Cash and cash equivalents at 1 January	292	1,060	1060
Cash and cash equivalents at 31 December /30 Sep	1,154	262	292

**NOTES TO THE FINANCIAL STATEMENTS****1. General information**

Sunborn Gibraltar Limited (the 'Company') is a private company limited by shares incorporated and registered in Gibraltar. The registered address of Sunborn Gibraltar Limited is 57/63 Line Wall Road, Gibraltar, and its business address: 35 Ocean Village Promenade, Gibraltar, GX111AA. Sunborn Gibraltar Limited owns a luxury yacht hotel docked at Ocean Village in Gibraltar, which it has leased to its sister company Sunborn (Gibraltar) Resort Limited, who runs the operations in accordance with a lease contract. The Yacht hotel is equipped with 189 cabins, including 22 suites. There are also conference facilities for up to 400 delegates, restaurants, bars fitness centre, spa and lounges inside the Yacht hotel. The Company had no employees during the nine months to 30 September 2020 or during 2019. The Company is wholly owned by Sunborn Gibraltar Holdings Limited, and its ultimate parent is Sunborn Oy, a company registered in Finland and owned by the Niemi family who are also based in Finland. Sunborn Oy focuses on the development of luxury spa and yacht hotels, restaurants, and other high-quality property, and has more than 50 years of experience in the hospitality sector.

**2. Summary of significant accounting policies****Basis of preparation**

This condensed interim financial report for nine months ended 30 September 2021 have been prepared in accordance with International Financial Reporting Standards (IFRS) and IAS 34 interim Financial Reporting, as adopted by the European Union.

The condensed interim year financial report does not include all the information and notes that are presented in the annual financial statements and should be read in conjunction with the audited financial statements for year ended 31 December 2020.

The accounting policies and measurement principles remain unchanged in comparison with as has been presented in Note 2 in the Annual Report 2020.

The financial statements are presented in thousands of sterling pounds unless otherwise stated. All figures presented have been rounded and consequently the sum of individual figures may deviate from the presented sum figure.

**Going concern***Covid-19*

Since 13th March 2020, the spread of the coronavirus (Covid-19) has led to unprecedented and gradually worsening business situation in the hospitality sector all over the world including Gibraltar. Covid-19 impacts Sunborn Gibraltar through the operator Sunborn Gibraltar Resort Limited's ability to pay the agreed rental payments.

As a result of Covid-19 impacts on the operator's activities, in June 2020 Sunborn Gibraltar entered written procedure to amend certain bond terms and conditions. The bondholders subsequently accepted these waivers and amendments to the terms and conditions of the bonds. The amendments provide relief on interest coverage ratio, minimum cash covenant and lease payment covenant allowing the lease payment obligations to be relaxed during 2020 financial year. The company provided the operator Sunborn Gibraltar Resort Ltd lease waivers as it was permitted to use cash reserves for pay for liabilities falling due during the period.

The Operating company secured a permitted £1.5m credit line (as per the Amended and Restated Terms and Conditions) secured by parent company for working capital purposes.

Prolonged Covid-19 restrictions could further impact the Company's business through continued negative impact on the operator. The impact of the unprecedented crisis is difficult to predict, and it is unknown when the recovery of the affected businesses will take place. Prolonged crisis could also in the long-term impact the fair value of the yacht hotel the Company holds as investment property.

Despite the Covid-19 situation the management is confident the property is well placed to continue operations regardless of the changes in the operating environment.

#### *Net losses*

The Company has incurred net losses consisting mainly of depreciation and unrealized foreign exchange rate differences arising from the borrowings. The Company's sole purpose is to own the vessel "Sunborn Gibraltar Yacht" and lease the vessel out to Sunborn Gibraltar Resort Limited through an internal bareboat agreement. The Company has primarily relied upon financing raised through the borrowings from the group companies and bonds from external parties as well as from shares issued to the parent company Sunborn (Gibraltar) Holdings Limited. In April 2016, Sunborn International Oy transferred the company's borrowing amounting to £15.6m to Sunborn (Gibraltar) Holdings Limited and thereafter was converted to company's equity to provide additional capital. The borrowings were converted to Sterling Pounds to avoid unrealised losses. Further conversions have been carried out in September 2018 (£10M) and in December 2020 (£5M) converting debt liabilities to Sunborn International Oy into company's equity.

The financial information in these financial statements has been prepared on a going concern basis, which assumes that the Company will continue in operational existence for the foreseeable future. Moreover, the company's ultimate parent has confirmed its willingness to provide financial support to allow the company to operate and meet its liabilities as and when required.

### **3. Rental income from related parties**

Rental income comprises income generated from lease of its vessel to its sister company Sunborn Gibraltar Resort Limited. The lease term is 10 years with fixed monthly lease from 1 June 2017 and in force until terminated by the company subject to three months' prior notice. Due to the Covid-19 crisis the issuer Sunborn Gibraltar provided a lease waiver to be applied during the financial year 2020. £ 776 K lease waiver was used in Q2 2020.

**4. Investment property**

	<u>Vessel</u> <u>incl improvements</u>	<u>Furniture</u> <u>&amp; Fittings</u>	<u>Total</u>
GBP thousand			
<b>Cost</b>			
At 01 January 2020	101,993	487	102,480
Additions	-	-	-
At 31 Dec 2020	101,993	487	102,480
Additions	-	9	9
<b>At 30 September 2021</b>	<b>101,993</b>	<b>496</b>	<b>102,489</b>
<b>Depreciation</b>			
At 01 January 2020	16,948	404	17,352
Charge for the period	2,477	28	2,505
At 31 December 2020	19,425	432	19,857
Charge for the period	1,846	21	1,867
<b>At 30 September 2021</b>	<b>21,270</b>	<b>453</b>	<b>21,723</b>
<b>Net book value</b>			
<b>At 30 September 2021</b>	<b>80,722</b>	<b>43</b>	80,766
<b>At 31 December 2020</b>	82,568	55	82,623
At 01 January 2020	85,045	83	85,128

The vessel is registered in Finland but located in Gibraltar, where it is leased under a lease agreement to Sunborn Gibraltar Resort Limited, which runs the hotel operations of the Yacht hotel. Sunborn Gibraltar is responsible for the maintenance, the mooring fee, certain insurances, marketing of the vessel and any other such operational costs for operating the Yacht hotel. The Company has thus no risk on operating the Yacht hotel, being only responsible for certain insurances and maintaining the hull.

The investment property is carried at deemed cost as at 1 January 2016, which was its fair value, less any accumulated depreciation and any accumulated impairment losses.

The fair value of the Yacht hotel is at 107.6 M€ according to the latest valuation report June 2021.

Depreciation is calculated using the straight-line method to allocate the cost to the residual value over their estimated useful lives. The estimated useful life of the vessel divided to its significant components is presented in the table below:

Vessel:	40 years
Vessel improvements:	Shorter of remaining vessel life or useful life of improvements (3 to 25 years)
Furniture and fittings:	10 years

All repairs and maintenance costs are charged to the statement of the comprehensive income during the financial year in which they are incurred.

**5. Property, plant and equipment**

The cost of property, plant and equipment includes directly attributable incremental costs incurred in their acquisition and installation.

Depreciation is charged to write off the cost of assets at their estimated useful lives of 3 years.

**6. Equity & Capital Reserve**

	<b>As at 30 Sep 2021 and 31 Dec 2020</b>	
	<b>No.</b>	<b>£</b>
Share Capital		
Authorised, allotted, called up and fully paid shares of £1 each	<b>3,000</b>	3,000

The number of ordinary shares outstanding since the company’s inception was 2000 shares. In 2016, borrowings from the group company were converted into equity thereby increasing the authorized ordinary share capital by 1,000 at a premium of £15,604 per share resulting to a share premium of £15,604,000.

The Company has not distributed any dividend and the bond agreement set some restrictions for distribution of dividend.

**7. Borrowings non-current liabilities**

Borrowings are analysed as follows:

GBP thousand	<b>30 Sep 2021</b>	31 Dec 2020	30 Sep 2020
Wholly repayable within five years	<b>49,815</b>	51,727	52,351
Details of loans wholly repayable within five years are as follows:			
Senior secured bond SE0010296632 due 5/9/22	<b>50,188</b>	52,381	53,101
Less: transaction costs	<b>(372)</b>	(654)	(750)
	<b>49,815</b>	51,727	52,351

**Borrowings non-current liabilities – continued**

On 31/8/2017, the company issued a Senior Secured Bonds with nominal value of EUR 58 million repayable in 2022. The contractual interest is 5 % plus Euribor and the effective interest is 5.83 %. The proceeds of the bonds were used to pay the secured loans with the financing company.

As a result of Amended and Restated Terms and Conditions, related amendment fee of 50 bp resulted in a modification loss in interest expenses for year 2020. The amount of borrowings was adjusted accordingly. The management estimated that the fair value of the borrowings approximates the carrying amounts of the bonds.

*Collaterals and guarantee given*

The bonds are secured by a 1st lien mortgage in the vessel and the cash held at bank. The bonds are also secured by a floating charge agreement over the assets, rights, intellectual property, and revenues including relevant insurances. The bank accounts have been pledged to secure the bond repayment; however, they can be used by the Company in the ordinary course of business.

Moreover, Sunborn International Oy has pledged its shares in the Company and Sunborn Gibraltar Holdings Limited and Sunborn Gibraltar Resort Limited to secure the repayment of the bonds.

The bond terms include an asset cover ratio covenant, which requires the Company to maintain the asset cover ratio of minimum 140.0 %. The covenant is calculated based on the market value of the Yacht Hotel calculated by approved valuator appointed by the Company and approved by the bond trustee, divided by financial indebtedness of the Company.

The bond terms also include a cash requirement covenant, which requires the Company to maintain the cash minimum of upcoming 3 months interest payment. The bond terms include an interest cover ratio covenant, which requires the Company to generate EBITDA minimum of 1.1 times the interest. Covenants are tested on a quarterly basis.

As a result of Covid-19 impacts on the operator's activities Sunborn Gibraltar written procedure approved 16th June 2020 to amend bond terms and conditions was voted on by bondholders and accepted. Amended and Restated Terms and Conditions secured certain waivers and amendments to the terms and conditions of the bonds to provide relief on interest coverage ratio, minimum cash covenant and lease payment covenant.

A new financial covenant was included in the written procedure to measure quarterly Operator EBITDA for each quarter ending on 31 December 2020, 31 March 2021, 30 June 2021 and 30 September 2021 compared to Operator EBITDA for the corresponding quarter in 2019. The covenant for Operator EBITDA for Q3 2021 was to exceed 80 % of Q3 2019. The Operator EBITDA at £M 1.671 (£M 1.161) was well over the requirement and corresponds to 144 % of Q3 2019.

As a result of the written procedure in the new Amended and Restated Terms and Conditions Sunborn International Holding Oy has entered into an Additional Guarantee Agreement, as principal obligor, guarantee to the Agent and Bondholders the punctual performance of Sunborn Gibraltar Limited obligations under the Bond's Finance Documents.

**8. Related parties**

The Company's related parties are its parent company Sunborn Oy, other Sunborn Group entities, the board of directors and key management of the Company and the Board of Directors and management of the parent company, together with their close family members, and companies controlled by these individuals.

The following table summarises the Company's transactions and outstanding balances with related parties during or at the end of the years presented:

GBP thousand	1 Jul– 30 Sep 2021	1 Jul– 30 Sep 2020	1 Jan– 30 Sep 2021	1 Jan– 30 Sep 2020	1 Jan– 31 Dec 2020
Sunborn (Gibraltar) Resort	795	681	2385	1609	2,404
Sunborn International Holding	( 97)	( 116)	( 292)	( 348)	( 465)
Sunborn International Holding loan capital conversi	-	-	-	-	5,000

GBP thousand	30-Sep-21		30-Sep-20		31-Dec-20	
	Receivables	Liabilities	Receivables	Liabilities	Receivables	Liabilities
Sunborn (Gibraltar) Resort	1794	86	2,202	( 13)	2,137	86
Sunborn (Gibraltar) Holdings	3	-	3	-	3	-
Casino Sunborn (Gibraltar)	8	-	7	-	8	-
Sunborn International Holding	-	27,788	-	32,302	-	27,285
Sunborn Oy	-	95	-	95	-	95
<b>Total</b>	<b>1,805</b>	<b>27,969</b>	<b>2,212</b>	<b>32,383</b>	<b>2,148</b>	<b>27,466</b>

In December 2020 £5M of the debt liabilities to Sunborn International Oy converted into company's equity.

The issuer provided the operator a lease waiver to be applied in 2020 and was permitted to use cash reserves for liabilities falling due.

**9. Events after the balance sheet date**

Nothing to report.

## Appendix 1

### Sunborn (Gibraltar) Resort Limited

#### Unaudited Income Statement

GBP thousand

	Unaudited 3 months ended 30 Sep 21	Unaudited 3 months ended 30 Sep 20	Unaudited 9 months ended 30 Sep 21	Unaudited 9 months ended 30 Sep 20	Audited 12 months ended 31 Dec 20
<b>REVENUE</b>	3,949	1,310	6,307	2,747	3,899
<b>Cost of sales</b>					
Food	124	57	227	146	200
Beverage	190	26	242	51	81
Agent commission	95	18	137	60	124
Other	30	15	56	28	40
	439	116	662	286	445
<b>GROSS PROFIT</b>	3,510	1,194	5,645	2,461	3,453
<b>Administrative and other expenses</b>	(1,839)	(940)	(2,914)	(2,340)	(3,214)
<b>EBITDAR</b>	1,671	254	2,730	121	239
Rent cost due to related entity	(795)	(681)	(2,385)	(1,609)	(2,404)
Depreciation	41	(32)	(52)	(98)	(289)
Interest expense	(114)	(1)	(141)	(2)	(16)
<b>Result before tax</b>	803	(459)	152	(1,587)	(2,470)
Taxation	-	-	-	-	-
<b>Result for the year</b>	803	(459)	152	(1,587)	(2,470)



## Unaudited Balance Sheet

GBP thousand

	Unaudited 30 Sep 21 £	Audited 31 Dec 20 £	Unaudited 30 Sep 20
Fixed assets	225	182	130
Tangible fixed assets			
Current Assets			
Inventories	120	100	107
Trade and other receivables	1,102	966	1,073
Cash at bank	998	324	191
	2,220	1,390	1,371
Current Liabilities			
Trade and other payables	1,239	2,028	3,695
Finance lease obligation	35	12	12
	1,274	2,040	3,708
Current Assets less Current Liabilities	946	(651)	(2,337)
Non-current liabilities			
Finance lease obligation	5	5	22
Other payables	3,224	2,137	0
Permitted loan facility	1,500	1,100	600
Total Assets less Liabilities	(3,558)	(3,711)	(2,828)
Capital and Reserves			
Called up share capital	2	2	2
Profit & loss account	(3,560)	(3,713)	(2,830)
	(3,558)	(3,711)	(2,828)

**Unaudited Statement of Cash Flows**

GBP thousand

	Unaudited 9 months ended 30-Sep-21 £	Audited 31 Dec 20 £	Unaudited 9 months ended 30 Sep 20 £
Reconciliation of operating loss to net cash flows from operating activities			
Operating profit	152	(2,470)	(1,587)
Finance lease interest	35	16	3
Operating profit	<u>187</u>	<u>(2,454)</u>	<u>(1,584)</u>
Depreciation	52	289	98
Movement in inventories	(20)	34	26
Movement in debtors	(136)	593	486
Movement in creditors	(68)	961	504
Net cash flows from operating activities	<u>15</u>	<u>(578)</u>	<u>(472)</u>
Cash flow from investing activities			
Purchase of tangible fixed assets	<u>(95)</u>	<u>(266)</u>	<u>(11)</u>
Cash flow from financing			
Other borrowings	400	1,100	600
Equity cure	367	0	0
Repayment of obligations under finance lease	<u>(13)</u>	<u>(13)</u>	<u>(8)</u>
Taxation	<u>0</u>	<u>0</u>	<u>0</u>
Increase in cash	<u>674</u>	<u>243</u>	<u>109</u>
Reconciliation of net cash flows to movement in net funds			
Cash at bank at 1 January	324	81	81
Cash at bank at 30 September	<u>998</u>	<u>324</u>	<u>191</u>
Increase in cash in year	<u>674</u>	<u>243</u>	<u>109</u>