

SUNBORN



GIBRALTAR



FINANCIAL STATEMENTS Q2 2018
23/8/2018

sunborn

Key Figures Sunborn Gibraltar Ltd

GBP thousand	1 Apr - 30 Jun 2018	1 Apr - 30 Jun 2017	1 Jan - 30 Jun 2018	1 Jan - 30 Jun 2017
Rental income	750	750	1 500	1 500
EBITDA	700	695	1 408	1 384
Yacht Hotel (book value)	88 933		88 933	
Total Equity	205		205	
Bond	49 870		49 870	
Intercompany loan	40 997		40 997	

Key Figures Sunborn Gibraltar Resort Ltd

GBP thousand	1 Apr - 30 Jun 2018	1 Apr - 30 Jun 2017	1 Jan - 30 Jun 2018	1 Jan - 30 Jun 2017
Turnover	3 081	3 080	5 185	5 349
EBITDA before rent	1 125	1 038	1 537	1 636

Chief Executive Director, Hans Niemi

“The performance of the Yacht hotel and the underlying lease income from the operating partner Sunborn Gibraltar Resort Ltd is as per our expectation. The Sunborn Gibraltar Yacht hotel is well positioned in the market enjoying excellent ratings and has continued its top position in Gibraltar. The Gibraltar hotel market in general is doing well particularly with strong corporate demand. The market has witnessed a temporary drop in leisure client segments due to the undersupply of incoming flights to Gibraltar whilst the airlines are adjusting capacity after the bankruptcy of Monarch Airlines in October 2017.”

General

Sunborn Gibraltar Ltd 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 major 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. Sunborn Gibraltar Ltd had no employees on 2018 and 2017.

The company prepares its accounts and quarterly reporting according to Gibraltar GAAP until the Bond has been listed on NASDAQ Stockholm after which the reporting will be prepared in accordance with IFRS and made available according to the rules and regulations of NASDAQ Stockholm.

Sunborn Gibraltar Ltd Financial summary 1 January – 30 Jun 2018

Sunborn Gibraltar Ltd receives lease income from the operator. Lease income 1-6 2018 was 1,5 M€ (1,5 M€).

The value of the Yacht hotel is 116,8 M€ according to the valuation report dated June 2018. Estimated useful life of the Yacht hotel was changed from 30 years to 40 years based on valuation report and yearly depreciation accordingly.

Key Figures Sunborn Gibraltar Resort Ltd Financial summary 1 January – 30 Jun 2018

Q2 2018 turnover 3,0M€ equals to previous year turnover. In line with our pricing strategy, ADR has increased 9% during the same period, however, room nights occupied are down by -14%. Q2 EBITDA has increased compared to previous year for the same time period in both value and as a percentage, due to operational efficiency and reaction to market.

Notable events during the reporting

The exceptional circumstance in Q4 2017, bankruptcy of a major airline, Monarch, continues to have an effect in Q2 2018. Flight arrivals are approximately 30 % down in Q2 from previous year however it has improved over Q1.

Hotel management generated a multilevel strategy in Q1 to react to the situation, however, due to the number of flight seats coming into Gibraltar is unchanged, other measures were implemented:

- 1) Maintain pricing strategy on ADR increase since flight seats are unchanged.
- 2) Continued negotiations with corporations to increase MICE business resulted in a substantial increase from previous year, +225 % in this segment.
- 3) Continued efforts in generating new agreements with FIT companies which use the Malaga International airport in order to attract supplementary business as well as re-marketing efforts with OTA's booking through Malaga airport and hotels in the Costa del Sol -region.
- 4) Reopened negotiations with Spanish MICE agencies which has resulted in bookings for Q4 2018 and Q1 2019.

Business environment

No notable changes in the business environment.

Issuer continued to be a SPV with no other purpose than owning the Sunborn Gibraltar Yacht hotel. The vessel is leased out to Sunborn Gibraltar Resort Ltd through an internal bareboat agreement between the Issuer. Sunborn Gibraltar Resort Ltd pays Sunborn Gibraltar Ltd a fixed sum of GBP 250,000 per month in lease.

Guest satisfaction continues to be excellent reflected by Trip Advisor rating of #1, Booking.com rating of 9.0/10, Hotels.com rating of 9.2/10, Expedia.com 4.6/5.

New 120 room hotel opened in May 2018 nearby, the Holiday Inn Express. This will attract low end corporate business as hotel is utilizing £90 rates.

Management continued lobbying with the Gibraltar Tourist Board and airlines in the attempt to increase flights.

Estimate future development

The company estimates that its financial performance and debt service capacity will remain stable.

Notable events after the end of the reporting period

No significant event to report.

Short-term risks and uncertainties

The Company's financial risks related to business are market risk (including interest rate risk and foreign currency risk), credit risk, liquidity risk and refinancing risk.

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 risk of depreciation of the GBP against EUR and its possible negative impact on the returns is hedged at the group level. Floating interest rate risk has not been hedged.

Financial risk management carried out by the management of the Company aims to protect the Company against unfavorable 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.

SUNBORN (GIBRALTAR) LIMITED

UNAUDITED INCOME STATEMENT for Three Months to June 2018

	Apr-Jun 18	2018 YTD	Apr-Jun 17	2017 YTD
	£	£	£	£
Revenue	750 000	1 500 000	750 000	1 500 000
Administrative expenses	(50 038)	(91 952)	(54 821)	(116 046)
Other Expenses	50 038	91 952	54 821	116 046
EBITDA	699 962	1 408 048	695 179	1 383 954
Depreciation	(377 635)	(1 255 102)	(870 406)	(1 740 811)
Foreign exchange (loss)/gain	(128)	391	0	0
Interest payable and similar charges	(923 651)	(1 833 589)	(927 046)	(1 838 200)
Interest payable to Group	153 738	307 477	153 738	307 477
Loan Interest to others	0	0	773 307	1 530 723
Bond issue transaction Fees	96 464	193 856	0	0
Bond Interest	673 448	1 332 255	0	0
Profit/(loss) on ordinary activities before taxation	(601 452)	(1 680 252)	(1 102 273)	(2 195 057)

SUNBORN (GIBRALTAR) LIMITED

Unaudited Balance Sheet as at 30 June 2018

	Unaudited	Audited
	<u>30 June 2018</u>	<u>31.12.2017</u>
	£	£
Tangible Fixed Assets	88 933 193	90 153 689
Current Assets		
Trade and other receivables	1 866 327	1 364 248
Deposits and Cash	<u>1 235 326</u>	1 677 331
	3 101 652	3 041 579
Current Liabilities		
Trade payables	474 748	
Inter company liabilities	<u>487 881</u>	
	(962 630)	(635 808)
Current Assets less Current Liabilities:	2 139 023	2 405 771
Total Assets less Current Liabilities:	92 997 475	92 559 460
Long Term Liabilities	90 867 145	90 674 137
Payable to Sunborn International OY	40 996 911	40 996 911
Prepaid Bond Transactions	(1 589 106)	(1 782 114)
Bond Issue	51 459 340	51 459 340
Total Assets less Total Liabilities:	<u>2 130 330</u>	<u>1 885 323</u>
Capital & Reserves		
Share Capital	3 000	3 000,00
Share premuim	15 604 000	15 604 000,00
Reserves	(13 721 678)	(13 721 677)
P & L Account	<u>(1 680 252)</u>	
	205 070	1 885 323

SUNBORN (GIBRALTAR) LIMITED

Statement of cashflow for six Months to June 2018

SUNBORN (GIBRALTAR) LIMITED

Statement of cashflow for six Months to June 2018

	Unaudited YTD £
Operating loss	(40 910)
Adjusted for:	
Depreciation	1 255 102
Foreign exchange loss/gain	391
Other Creditors increase / (decrease)	326 820
Other Debtors (increase) / decrease	(309 071)
Cashflow from Operating activities	<u>1 232 332</u>
Interest paid	(1 639 732)
Servicing of finance	<u>(1 639 732)</u>
Taxation	-
Payments to acquire tangible fixed assets	(34 605)
Receipts from sale of fixed assets	-
Capital expenditure	<u>(34 605)</u>
Loans	-
Dividends	-
Funding	<u>-</u>
Net increase in Cash	(442 005)
Opening cash balance	1 677 331
Closing cash balance	<u>1 235 326</u>

SUNBORN (GIBRALTAR) RESORT LIMITED

UNAUDITED INCOME STATEMENT for three months to June 2018

	Apr-Jun-18 £	Apr-Jun-17 £	YTD £	Prior YTD £
REVENUE	3 080 779	3 080 108	5 185 421	5 348 677
Cost of Sales	305 328	313 935	547 294	546 964
GROSS PROFIT	2 775 451	2 766 173	4 638 127	4 801 713
Administrative expenses	1 650 202	1 728 193	3 101 459	3 165 693
Rent paid to Sunborn Gibraltar Ltd	750 000	750 000	1 500 000	1 500 000
Profit/(loss) on ordinary activities before taxation	375 248	287 980	36 668	136 020

SUNBORN (GIBRALTAR) RESORT LIMITED

Unaudited Balance Sheet as at 30 June 2018

	Unaudited 30 June 2018	Audited 31 Dec 2017
	£	£
Tangible Fixed Assets	<u>141 869</u>	<u>109 630</u>
Current Assets		
Inventory	113 451	123 862
Trade & other receivables	1 777 622	1 258 961
Cash at bank	<u>80 368</u>	<u>148 942</u>
	1 971 441	1 531 765
Current Liabilities		
Trade & other payables	<u>3 139 730</u>	<u>2 704 423</u>
Current Assets less Current Liabilities:	(1 168 288)	(1 172 657)
Total Assets less Current Liabilities:	<u><u>(1 026 419)</u></u>	<u><u>(1 063 028)</u></u>
Capital & Reserves		
Share Capital	2 000	2 000
Reserves	(1 065 029)	(1 065 029)
P & L Account	<u>36 609</u>	<u>36 609</u>
	<u><u>(1 026 419)</u></u>	<u><u>(1 063 029)</u></u>

SUNBORN (GIBRALTAR) RESORT LIMITED

Statement of cashflow for 3 Month June 2018

	Unaudited
	YTD
	£
Operating profit	375 189
Adjusted for:	
Depreciation	20 201
Inventories (increase)/decrease	6 234
Other Creditors increase / (decrease)	(74 576)
Other Debtors (increase) / decrease	(244 044)
Cashflow from Operating activities	83 004
Interest paid	-
Servicing of finance	-
Taxation	-
Payments to acquire tangible fixed assets	(43 172)
Receipts from sale of fixed assets	-
Capital expenditure	(43 172)
Loans - net	-
Dividends	-
Funding	-
Net increase in Cash	39 832
Opening cash balance	40 536
Closing cash balance	80 368