SUNBORN GIBRALTAR

QUARTERLY FINANCIAL REPORT
1 October – 31 December 2020
SUNBORN (GIBRALTAR) LIMITED

sunborn

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PERIOD ENDED 31 DECEMBER 2020 REPORT

Key Figures Issuer Sunborn (Gibraltar) Limited

GBP thousand	1 Oct-31 Dec 2020	1 Oct-31 Dec 2019	1 Jan-31 Dec 2020	1 jan- 31 Dec 2019
Rental income	795	795	2,404	3,180
EBITDA	743	723	2,180	2,967
Investment property (yacht hotel)			82,607	85,128
Total Equity			5,779	7,724
Bond			51,727	48,300

Key Figures Operator Sunborn (Gibraltar) Resort Limited

GBP thousand	1 Oct-31 Dec 2020	1 Oct-31 Dec 2019	1 Jan-31 Dec 2020	1 jan- 31 Dec 2019
Turnover	1,152	2,291	3,899	10,764
EBITDAR	322	517	388	3,327

Chief Executive Director, Hans Niemi

The operations in Q4 continued under Covid-19 impact. Operator Sunborn Gibraltar Resort Q4 revenue was £1.15M (£2,3M) and EBITDAR was £0.32M (£0.5M), a good result considering the challenging negative business environment in the quarter. Strong sales in October and stringent cost controls sustained Q4 operational EBITDAR positive. Issuer Q4 lease income from the Operator was £795K (£795K). October performance was excellent and pre-bookings for November and December were at good levels until a swift deterioration in the business environment in Gibraltar as UK went into lockdown November 5 to December 2 resulting in mass cancellations as the F.C.D.O. (Foreign Commonwealth Development Office) of the UK government banned all non-essential travel outbound from the UK. Permitted lease waivers have been applied as per Amended and Restated Terms and Conditions approved in June 2020's written procedure.

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 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 had no employees in 2020.

Issuer Sunborn Gibraltar Ltd Financial summary 1 October – 31 December 2020

Sunborn receives lease income from the management company. Lease income was £795K in Q4 2020 (£795K in Q4 2019). The value of the Yacht hotel is at €110.6 Million based on the latest valuation report dated June 2020. Parent entity Sunborn International Oy converted £5,000,000 of debt to equity.

Operator Financial summary 1 October – 31 December2020

The operations in Q4 continued under Covid-19 impact. Although the hotels occupancy level dropped significantly YoY, management had adapted to the current trading environment and were able to achieve a positive EBITDAR outcome in the month of October of +41% and exceeding 2019. Subsequently, with further travel restrictions in the UK and the local government restrictions, the hotel was unable to maintain the October levels in November and December. The Gibraltar Airport recorded negative levels due to travel restrictions with airline movements at a rate of -37,4% YoY and passengers at -60% YoY. Revenue for the Quarter ended with £ 1,15 mil (-50% YoY) with EBITDAR at £322k (-38% YoY) which was still an improvement over Q3. A restructuring of operations and staffing has been ongoing to control costs and adapt to reduced level of revenue including closure of outlets, redundancies of certain positions, minimal operational hours amongst other cost reducing measures. The Operating company secured a permitted credit line secured by parent company up to £1.5m, of which during the period £1.1M was used for working capital purposes.

New financial Covenant – Operator's quarterly EBITDA

A new financial covenant was included in the written procedure approved 16th June 2020 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 Q4 2020 was to exceed 50 per cent of Q4 2019. The Operator EBITDA at £M 0.322 (£M 0.517) was well over the requirement and corresponds to 62 per cent of Q4 2019.

Business environment

Business environment in Gibraltar has been negatively impacted during the period due to Covid-19. The main feeder market being the UK went into lockdown November 5 to December 2. In addition, the F.C.D.O. (Foreign Commonwealth Development Office) of the UK government banned all non-essential travel outbound from the UK. Local Gibraltar government restrictions were imposed on size of meetings and events as well as restaurant occupancy and themed events. Eventually, on December 18, the local government closed restaurants and others deemed non-essential including spas, gyms and casinos. The hotel's restaurant was able to remain open for hotel guests only.

Positively, there are new airline routes and carriers coming to Gibraltar. Two new airline routes were announced by Eastern Airways bringing two weekly flights beginning in May 2021 from two new markets: Birmingham and Southampton, UK. In addition to the existing British Airways and EasyJet airlines, Wizz Air began flying 1x per week in December 2020 for Gibraltar from London Luton airport. Furthermore, the weekly EasyJet flight from Edinburgh, another new market, meant to commence in March 2020 will begin in May 2021.

Leisure travel from UK is expected to rebound towards the summer and pre-bookings are showing good level of demand. The period leading up to the summer will however be difficult and business levels unpredictable.

The hotel continues to maintain high levels of Guest satisfaction ratings 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 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

Covid-19

See business environment above. Pandemic related restrictions on normal business operation in Gibraltar started in March and many policy decisions by government continued in Q4. 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 ability of the operator to operate the business and pay rents normally during the closure and the subsequent recovery period has been negatively affected and as a result, Sunborn Gibraltar written procedure to amend bond terms and conditions was accepted 25th June 2020 and secured certain waivers and amendments to the terms and conditions of the bonds. The waivers provide temporary relief on interest coverage ratio, minimum cash covenant and lease payment covenant.

The company has taken advantage of government compensation programs for effected businesses for which the Operator is eligible including “BeatCovid” grants as financial assistance.

While the Covid-19 situation is an unprecedented scenario, the management is confident the property is well placed to continue operations normally upon the lifting of prohibitive restrictions regardless of the subsequent changes in the operating environment.

Looking forward, the first quarter of 2021 has begun under worsening circumstances where the FCDO continues to ban non-essential travel and local government restrictions are in place on restaurants and events. In addition, the number of flights have been reduced to one per week for the months of January and February. *See Business environment*

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

The Covid -19 outbreak is severely and negatively affecting the tourism market globally. As the company is reliant on the ability of the property operator to pay rent, recent temporary closure of the underlying business and the subsequent forecasted recovery period is likely to affect the performance of the operator in the short and medium term.

Throughout the crisis, Sunborn Gibraltar secured a permitted credit line (according to Amended and Restated Terms and Conditions) secured by parent company up to £1.5m, of which £1.1m was withdrawn by December 2020 for working capital purposes.

Should the poor trading environment, disruption or business restrictions continue, the company may need to secure additional working capital, loans and fiscal support for the continued going concern of the company and also seek further amendments and waivers to the terms of the company bonds.

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.

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 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 unfavorable 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 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.

STATEMENT OF COMPREHENSIVE INCOME

GBP thousand	Note	1 Oct-31 Dec 2020	1 Oct – 31 Dec 2019	YTD 1 Jan – 31 Dec 2020	Audited 1 Jan - 31 Dec 2019
Rental income from group companies	3	**795**	795	**2,404**	**3,180**
Depreciation	4	**(630)**	(631)	**(2,522)**	**(2,522)**
Other operating expenses		**(52)**	(72)	**(224)**	**(213)**
Operating profit/loss		**112**	**92**	**(342)**	**445**
Conversion to Capital reserve of intercompany loan	8	**5,000**		**5,000**	
Foreign exchange loss/gain		**652**	2,540	**(2,847)**	**2,545**
Finance cost - amortisation of borrowing cost		**(99)**	(97)	**(655)**	**(386)**
Finance cost - group borrowings		**(116)**	(116)	**(465)**	**(465)**
Finance costs - other borrowings		**(593)**	(674)	**(2,635)**	**(2,668)**
Finance costs, net		**4,844**	**1,653**	**(1,603)**	**(974)**
Profit/(loss) before taxes		**4,957**	**1,745**	**(1,945)**	**(529)**
Income tax expense		**-**	-	-	-
Profit/(loss) for the period		**4,957**	**1,745**	**(1,945)**	**(529)**
Total comprehensive income/(loss) for the period		**4,957**	**1,745**	**(1,945)**	**(529)**

STATEMENT OF FINANCIAL POSITION

GBP thousand	Note	31 December 2020	Audited 31 December 2019
ASSETS			
Non-current assets			
Investment property	4	**82,607**	85,128
Property plant and equipment	5	-	17
		82,607	85,145
Current assets			
Receivables from group companies		**2,233**	1,957
Other Receivables		**336**	319
Cash and cash equivalents		**292**	1,060
Total current assets		**2,861**	3,336
Total assets		**85,467**	88,481
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital	6	**3**	3
Share premium	6	**15,604**	15,604
Capital reserves	6	**15,000**	10,000
Retained result		**(24,830)**	(17,885)
Total equity		**5,777**	7,722
LIABILITIES			
Non-current liabilities			
Payables to group companies		**25,997**	30,997
Borrowings	7	**51,727**	48,300
Total non-current liabilities		**77,724**	79,297
Current liabilities			
Payables to group companies		**1,555**	1,093
Other payables		**410**	369
Total current liabilities		**1,965**	1,462
Total liabilities		**79,690**	80,759
Total equity and liabilities		**85,467**	88,481

STATEMENT OF CHANGES IN EQUITY

GBP thousand	Share capital	Share premium	Capital reserve	Retained earnings	**Total equity**
Equity at 31 Dec 2018	**3**	**15,604**	**10,000**	**(17,358)**	**8,249**
Result for the period to 31 Dec 2019	-	-	-	(527)	(527)
Total comprehensive income for the period	**-**	**-**	**-**	**(527)**	**(527)**
Equity at 31 December 2019	**3**	**15,604**	**10,000**	**(17,885)**	**7,722**
Conversion to Capital reserve of intercompany loan			**5,000**		**5,000**
Result for the period to 31 December 2020	-	-	-	(6,945)	(6,945)
Total comprehensive income for the period	**-**	**-**	**-**	**(6,945)**	**(1,945)**
Equity at 31 December 2020	**3**	**15,604**	**15,000**	**(24,830)**	**5,777**

STATEMENT OF CASH FLOWS

GBP thousand	1 Jan - 31 Dec 2020	Audited 1 Jan - 31 Dec 2019
Operating activities		
Operating loss/profit	**(342)**	445
Adjustment for:		
Depreciation	**2,539**	2,521
Net foreign exchange differences	**(74)**	-
Change in working capital:		
Change in receivables from group companies	**(276)**	(275)
Change in other receivables	**(19)**	(251)
Change in payables to group companies	**(2)**	1
Change in other payables	**41**	(75)
Net cash flows generated from operations before interest payments	**1,867**	2,366
Interest paid	**(2,635)**	(2,673)
Net cash flows used in operations	**(768)**	(307)
Cash used in investing activities		
Additions in investment property	**-**	-
Purchase of property, plant and equipment	**-**	-
	-	-
Cash flows from financing activities		
Repayment of borrowings from Group company	**-**	-
Transaction costs paid	**-**	-
Net cash flows from financing activities	**-**	-
Net decrease in cash and cash equivalents	**(768)**	(307)
Cash and cash equivalents at 1 January	**1,060**	1,367
Cash and cash equivalents at 31 December	**292**	1,060

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 center, 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 December 31, 2020 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 2019.

The accounting policies and measurement principles remain unchanged in comparison with as has been presented in Note 2 in the Annual Report 2019.

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. The operator was in Q2 and Q3 forced to partially and temporarily place normal hotel and restaurant operations on standby while government and FCDO issued restrictions on travel, public gatherings and the hospitality sector.

As a result of Covid-19 impacts on the operator's activities, in June 2020 Sunborn Gibraltar entered into 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 credit line (as per the Amended and Restated Terms and Conditions) secured by parent company up to £1.5m, of which £1.1m was withdrawn by December for working capital purposes.

Should the negative trading environment, disruption or business restrictions continue beyond 2020, the company may need to secure additional working capital, loans, fiscal support and may need to seek further amendments and waivers to the terms of the company bonds to ensure the going concern of the company.

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.

While the Covid-19 situation is an unprecedented scenario, the management is confident the property is well placed to continue operations regardless of the temporary closure and subsequent 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, which was refurbished into a Yacht hotel, 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. £ 776 K lease waiver has been used in Q2.

4. Investment property

GBP thousand	Vessel incl improvements	Furniture & Fittings	Total
Cost			
At 01 January 2019	101,993	487	102,480
Additions	-	-	-
At 31 December 2019	101,993	487	102,480
Additions	-	-	-
At 31 December 2020	101,993	487	102,480
Depreciation			
At 01 January 2019	14,471	376	14,847
Charge for the period	2,477	28	2,505
At 31 December 2019	16,948	404	17,352
Charge for the period	2,494	28	2,522
At 31 December 2020	19,441	432	19,843
Net book value			
At 31 December 2020	**82,552**	**55**	**82,607**
At 31 December 2019	85,045	83	85,128
At 01 January 2019	90,000	104	90,104

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 value of the Yacht hotel is at 110,6 M€ according the latest valuation report June 2020.

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 so as to write off the cost of assets at their estimated useful lives of 3 years.

6. Equity & Capital Reserve

	As at 31 December and 31 December 2019	
	No.	**£**
Share Capital		
Authorised, allotted, called up and fully paid shares of £1 each	**3,000**	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	**31 Dec 2020**	31 Dec 2019	30 Sept 2019
Wholly repayable within five years	**51,727**	48,300	50,763
Details of loans wholly repayable within five years are as follows:			
Senior secured bond SE0010296632 due 5/9/22	**52,381**	49,341	51,898
Less: transaction costs	**(654)**	(1,041)	(1,135)
	51,727	48,300	50,763

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 of the reporting period. The amount of borrowings has been adjusted accordingly.

7. Borrowings non-current liabilities - continued

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 include also 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 Q4 2020 was to exceed 50 per cent of Q4 2019. The Operator EBITDA at £M 0.322 (£M 0.517) was well over the requirement and corresponds to 62 per cent of Q4 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:

	Income/(Expense)				
GBP thousand	**1 Oct – 31 Dec 2020**	**1 Oct – 31 Dec 2019**		**1 Jan 31 Dec 2020**	**1 Jan – 31 Dec 2019**
Sunborn (Gibraltar) Resort	**795**	795		2,404	3,180
Sunborn International Oy	**(116)**	(116)		(465)	(465)
Sunborn International Oy loan capital conversion	**5,000**	-	-	-	-

	31 Dec 2020		31 Dec 2019	
GBP thousand	**Receivables**	**Liabilities**	**Receivables**	**Liabilities**
Sunborn (Gibraltar) Resort	**2,223**	**84**	1,918	
Sunborn (Gibraltar) Holdings	**3**		3	
Casino Sunborn (Gibraltar)	**7**		7	
Sunborn International (UK)			29	
Sunborn International Oy		**27,372**		31,995
Sunborn Oy		**95**		95
Total	**2,233**	**27,551**	**1,957**	**32,090**

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 during the financial year 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 31 Dec 20	Unaudited 3 months ended 31 Dec 19	Unaudited 12 months ended 31 Dec 20	Audited 12 months ended 31 Dec 19
REVENUE	1152	2291	3899	10764
Cost of sales				
Food	53	617	200	617
Beverage	30	(235)	81	232
Agent commission	65	152	125	328
Other	12	(165)	40	81
	160	368	446	1258
GROSS PROFIT	993	1981	3452	9506
Administrative and other expenses	(670)	(1464)	(3065)	(6178)
EBITDAR	322	517	388	3328
Rent cost due to related entity	(795)	(795)	(2404)	(3180)
Depreciation	(31)	(34)	(129)	(145)
Interest expense	(9)	(1)	(11)	(3)
Result before tax	(513)	(313)	(2156)	0
Taxation				
Result for the year	(513)	(313)	(2156)	0

Unaudited Balance Sheet

GBP thousand

BALANCE SHEET	Unaudited 31 Dec 20 £	Audited 31 Dec 19 £
Fixed assets	102	204
Tangible fixed assets		
Current Assets		
Inventories	100	133
Trade and other receivables	1041	1559
Cash at bank	332	81
	1473	1773
Current Liabilities		
Trade and other payables	3841	3191
Finance lease obligation	12	11
	3853	3202
Current Assets less Current Liabilities	(2381)	(1429)
Non-current liabilities		
Finance lease obligation	18	17
Permitted loan facility	1100	
Total Assets less Liabilities	(3397)	(1241)
Capital and Reserves		
Called up share capital	2	2
Profit & loss account	(3399)	(1243)
	(3397)	(1241)

Unaudited Statement of Cash Flows
GBP thousand

Statement of Cash Flows

	Unaudited 12 months ended 31 Dec 20 £	Audited 31 Dec 19 £
Reconciliation of operating profit to net cash inflow from operating activities		
Operating profit/(loss)	(2156)	0
Finance lease interest	3	3
Operating profit/ (loss)	(2153)	3
Depreciation	129	145
Movement in inventories	34	(3)
Movment in debtors	518	(181)
Movement in creditors	650	158
Net cash inflow from operating activities	(823)	123
Cash flow from investing activities		
Purchase of tangible fixed assets	(26)	(58)
Cash flow from financing		
Other borrowings	1100	
Repayment of obligations under finance lease		(13)
Taxation		
Increase/(decrease) in cash	251	52
Reconciliation of net cash flow to movement in net funds		
Cash at bank at 1 January	81	29
Cash at bank at 30 September	332	81
Increase/(decrease) in cash in year	**251**	**52**