

SUNBORN GIBRALTAR QUARTERLY REPORT, Q3 2017

Key Figures Sunborn Gibraltar Ltd

GBP thousand	1 Jul - 30 Sep 2017	1 Jul - 30 Sep 2016	1 Jan - 30 Sep 2017	1 Jan - 30 Sep 2016
Rental income	750	675	2 250	2 025
EBITDA	728	566	2 046	1 699
Yacht Hotel (book value)	90 971		90 971	
Total Equity	1 404		1 404	
Bond	50 866		50 866	
Intercompany loan	40 997		40 997	

Key Figures Sunborn Gibraltar Resort Ltd

GBP thousand	1 Jul - 30 Sep 2017	1 Jul - 30 Sep 2016	1 Jan - 30 Sep 2017	1 Jan - 30 Sep 2016
Turnover	3 250	3 196	8 598	7 786
EBITDA before rent	1 352	1 281	3 030	2 572

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 and we expect the current favorable trading condition to exist for the foreseeable future.

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 September 2017

Sunborn Gibraltar Ltd receives lease income from the operator. Lease income 1-9 2017 was 2,250 M€ (2,025 M€).

The value of the Yacht hotel is unchanged at 129,0 M€ according to the valuation report.

Key Figures Sunborn Gibraltar Resort Ltd Financial summary 1 January - 30 September 2017

Hotel was performing well with turnover in 1-9 2017 was 8,598 M€ (7,786 M€) and increased by 10 %. Hotel RevPar increase 5 % compared to same period previous year. Operating costs are in line with previous year.

Notable events during the reporting

As at 6 September 2017 the Company issued senior secured bonds with nominal amount of EUR 58 million to certain qualified institutional investors mainly to finance the existing debt. The bonds are denominated in euros and mature by 5 September 2022. The contractual interest is 5.0 % plus 3-month Euribor.

Business environment

No significant changes in 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.

Customer satisfaction continues to be excellent reflected in the current score of 9.1/10 on Booking.com, 9.2/10 on Hotels.com and 4.6/5 on Expedia.

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

After the reporting period, exchange rates continued to be volatile. According to Sunborn's financial strategy, the management of the company closely monitors the development of the GBP/EUR exchange rate and on 5 October 2017 decided to enter into a EURGBP open window forward rate contract for period 5th October 2017 until 31st December 2017 and from 1st January until 29th September 2018 for an amount corresponding to the bond coupon payments to be made in these periods.

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. 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) RESORTS LIMITED

UNAUDITED INCOME STATEMENT for Nine Months to September 2017

	Unaudited Jul-Sep17 £	Unaudited YTD £
REVENUE	3 249 618	8 598 295
Cost of Sales	269 675	819 351
GROSS PROFIT	<u>2 979 944</u>	<u>7 778 944</u>
Fixed expenses	1 627 906	4 748 569
EBITDA	<u>1 352 037</u>	<u>3 030 375</u>
Rent	750 000	2 250 000
Depreciation	17 001	59 316
Profit/(loss) on ordinary activities before taxation	<u><u>585 036</u></u>	<u><u>721 059</u></u>

SUNBORN (GIBRALTAR) RESORTS LIMITED

Unaudited Balance Sheet as at 30 September 2017

	Unaudited 30 September 2017		Audited 31 Dec 2016
	£	£	£
Tangible Fixed Assets		<u>93 090</u>	<u>93 916</u>
Current Assets			
Inventory	59 142		53 804
Trade & other receivables	1 308 789		807 851
Cash at bank	<u>132 162</u>		<u>127 369</u>
		1 500 093	<u>989 024</u>
Current Liabilities			
Trade & other payables	<u>1 956 283</u>		
		1 956 283	<u>2 167 100</u>
Current Assets less Current Liabilities:		(456 191)	<u>(1 178 076)</u>
Total Assets less Current Liabilities:		<u>(363 101)</u>	<u>(1 084 160)</u>
Capital & Reserves			
Share Capital		2 000	2 000
Reserves	-	1 086 160	- 1 181 750
P & L Account		721 059	81 914
P&L Adj			13 676
		<u>(363 101)</u>	<u>(1 084 160)</u>

SUNBORN (GIBRALTAR) RESORTS LIMITED

Statement of cashflow for Nine Months to September 2017

	Unaudited YTD £
Operating profit	721 059
Adjusted for:	
Depreciation	59 316
Inventories (increase)/decrease	(5 338)
Other Creditors increase / (decrease)	(210 817)
Other Debtors (increase) / decrease	(500 938)
Cashflow from Operating activities	63 282
Interest paid	-
Servicing of finance	-
Taxation	-
Payments to acquire tangible fixed assets	(58 489)
Receipts from sale of fixed assets	-
Capital expenditure	(58 489)
Loans - net	-
Dividends	-
Funding	-
Net increase in Cash	4 793
Opening cash balance	127 369
Closing cash balance	132 162

SUNBORN (GIBRALTAR) LIMITED

UNAUDITED INCOME STATEMENT for Nine Months to September 2017

	Unaudited Jul-Sep17 £	Unaudited YTD £
Revenue	750 000	2 250 000
Administrative expenses	(22 175)	(204 299)
EBITDA	<u>727 825</u>	<u>2 045 701</u>
Depreciation	(870 406)	(2 611 217)
Operating Profit / (Loss)	(142 581)	(565 516)
Foreign exchange (loss)/gain	638 457	638 457
Transaction costs	(1 711 653)	(1 711 653)
Interest payable and similar charges	(945 571)	(2 783 771)
Profit/(loss) on ordinary activities before taxation	<u><u>(2 161 347)</u></u>	<u><u>(4 422 483)</u></u>

SUNBORN (GIBRALTAR) LIMITED

Unaudited Balance Sheet as at 30 September 2017

	Unaudited 30 September 2017		Audited 31 Dec 2016
	£	£	£
Tangible Fixed Assets		<u>90 971 149</u>	<u>93 582 366</u>
Current Assets			
Trade and other receivables	444 762		269 563
Deposits and Cash	2 141 164		-
Cash at bank	<u>350 127</u>		<u>11 924</u>
		2 936 052	281 487
Current Liabilities			
Trade payables	595 151		
Inter company liabilities	<u>45 207</u>		
		640 357	642 146
Current Assets less Current Liabilities:		<u>2 295 695</u>	<u>(360 659)</u>
Total Assets less Current Liabilities:		93 266 844	93 221 707
Bond		50 866 000	46 398 378
Intercompany loan		40 996 911	40 996 911
Total Assets less Total Liabilities:		<u>1 403 934</u>	<u>5 826 418</u>
Capital & Reserves			
Share Capital		3 000	3 000
Share Premium		15 604 000	15 604 000
Reserves		(9 780 583)	(1 307 640)
P & L Account		<u>(4 422 483)</u>	<u>(8 472 942)</u>
		<u>1 403 934</u>	<u>5 826 418</u>

SUNBORN (GIBRALTAR) LIMITED

Statement of cashflow for Nine Months to September 2017

	Unaudited YTD £
Operating Profit	(565 516)
Adjusted for:	
Depreciation	2 611 217
Foreign exchange loss/gain	638 457
Other Creditors increase / (decrease)	(1 791)
Other Debtors (increase) / decrease	(175 199)
Cashflow from Operating activities	<u>2 507 168</u>
Transaction costs paid	(1 711 653)
Interest paid	(2 783 771)
Servicing of finance	<u>(4 495 423)</u>
Taxation	-
Payments to acquire tangible fixed assets	-
Receipts from sale of fixed assets	-
Capital expenditure	<u>-</u>
Loans - net	4 467 622
Dividends	-
Funding	<u>4 467 622</u>
Net increase in Cash	2 479 367
Opening cash balance	11 924
Closing cash balance	<u><u>2 491 291</u></u>