

SUNBORN



GIBRALTAR



FINANCIAL STATEMENTS Q1 2018
31/5/2018

sunborn

SUNBORN GIBRALTAR QUARTERLY REPORT, Q1 2018**Key Figures Issuer Sunborn Gibraltar Ltd**

| GBP thousand | 1 Jan - 31 Mar 2018 | 1 Jan - 31 Mar 2017 |
|--------------------------|---------------------|---------------------|
| Rental income | 750 | 750 |
| EBITDA | 708 | 689 |
| Yacht Hotel (book value) | 89 311 | |
| Total Equity | 807 | |
| Bond | 49 774 | |
| Intercompany loan | 40 997 | |

Key Figures Operator Sunborn Gibraltar Resort Ltd

| GBP thousand | 1 Jan - 31 Mar 2018 | 1 Jan - 31 Mar 2017 |
|--------------------|---------------------|---------------------|
| Turnover | 2 105 | 2 269 |
| EBITDA before rent | -339 | -152 |

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 – 31 March 2018

Sunborn Gibraltar Ltd receives lease income from the operator. Lease income 1-3 2018 was 0,750 M€ (0,750 M€).

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

Key Figures Sunborn Gibraltar Resort Ltd Financial summary 1 January – 31 March 2018

Q1 2018 has seen an increase in hotel room ADR of 14 %. Total turnover of 2,1 M€ decreased 7 % from previous year due to decrease in leisure clients.

Notable events during the reporting

The exceptional circumstance in Q4 2017, bankruptcy of a major airline, Monarch, continues to have an effect in Q1 2018. Flight arrivals are approximately 33 % down from previous year which adversely have affected the hotel room occupancy whilst the airlines have struggled to move capacity to Gibraltar on short notice. Easyjet has gradually increased their flight capacity over the 1Q and British Airways announced new flights starting in Q2 2018. Until the flight capacity has returned to normality, hotel management has generated a multilevel strategy to react to the situation with the airline flight deficit in an effort to recuperate occupancy:

- 1) negotiated additional corporate rate agreements. In doing so successfully, corporate room occupancy is up by 30 % and corporate ADR by 9 % from previous year.
- 2) In addition, hotel management is endeavouring new agreements with various FIT companies which use the Malaga International airport in order to attract supplementary business.
- 3) Continued negotiations with new Spanish MICE agencies.
- 4) Revised Online Travel Agency and Meta Search strategy including remarketing new destinations and incentive commissions.

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 9.1/10, Hotels.com rating of 9.2/10, Expedia.com 4.6/5.

The hotel received the AA Five Star rating 2018 for the 3rd consecutive year.

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. 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 March 2018

| | Unaudited Jan-Mar18 £ | Jan-Mar17 |
|---|--------------------------------------|---------------------------|
| Revenue | 750 000 | 750 000 |
| Administrative expenses | (41 636) | (61 224) |
| Other Expenses | 41 636 | 61 224 |
| EBITDA | <u>708 364</u> | <u>688 776</u> |
| Foreign exchange (loss)/gain | 0 | |
| Depreciation | (877 467) | (870 406) |
| Interest payable and similar charges | (909 697) | (911 155) |
| Profit/(loss) on ordinary activities before taxation | <u>(1 078 800)</u> | <u>(1 092 785)</u> |

SUNBORN (GIBRALTAR) LIMITED

Unaudited Balance Sheet as at 31 March 2018

| | Unaudited | | Audited |
|---|-----------------------------|--------------------------|-------------------------|
| | <u>31 March 2018</u> | | 31.12.2017 |
| | £ | £ | £ |
| Tangible Fixed Assets | | <u>89 310 828</u> | 90 153 689 |
| Current Assets | | | |
| Trade and other receivables | 1 821 684 | | 1 364 248 |
| Deposits and Cash | 1 209 716 | | 1 677 331 |
| Cash at bank | 40 962 | | |
| | | <u>3 072 362</u> | <u>3 041 579</u> |
| Current Liabilities | | | |
| Trade payables | 471 428 | | |
| Inter company liabilities | 334 143 | | |
| | | <u>805 571</u> | <u>(635 808)</u> |
| Current Assets less Current Liabilities: | | <u>2 266 790</u> | <u>2 405 771</u> |
| Total Assets less Current Liabilities: | | 91 577 618 | 92 559 460 |
| Long Term Liabilities | | 90 771 097 | 90 674 137 |
| Total Assets less Total Liabilities: | | <u>806 522</u> | <u>1 885 323</u> |
| Capital & Reserves | | | |
| Share Capital | | 3 000 | 3 000 |
| Share premium | | 15 604 000 | 15 604 000 |
| Reserves | | (13 721 678) | (13 721 677) |
| P & L Account | | (1 078 800) | |
| | | <u>806 522</u> | <u>1 885 323</u> |

SUNBORN (GIBRALTAR) LIMITED

Statement of cashflow for Three Months to March 2018

| | Unaudited YTD £ |
|---|-----------------------|
| Operating loss | (169 103) |
| Adjusted for: | |
| Depreciation | 877 467 |
| Foreign exchange loss/gain | - |
| Other Creditors increase / (decrease) | 169 763 |
| Other Debtors (increase) / decrease | (457 436) |
| Cashflow from Operating activities | <u>420 691</u> |
| Interest paid | (812 739) |
| Servicing of finance | <u>(812 739)</u> |
| Taxation | - |
| Payments to acquire tangible fixed assets | (34 605) |
| Receipts from sale of fixed assets | - |
| Capital expenditure | <u>(34 605)</u> |
| Loans - net | - |
| Dividends | - |
| Funding | <u>-</u> |
| Net increase in Cash | (426 653) |
| Opening cash balance | 1 677 331 |
| Closing cash balance | <u>1 250 678</u> |

SUNBORN (GIBRALTAR) RESORT LIMITED

UNAUDITED INCOME STATEMENT for Twelve Months to March 2018

| | Unaudited Jan-Mar-18 £ | Unaudited Jan-Mar-17 |
|---|------------------------------|-------------------------|
| REVENUE | 2 104 642 | 2 268 569 |
| Cost of Sales | 241 966 | 233 029 |
| GROSS PROFIT | 1 862 676 | 2 035 540 |
| Operating expenses | 2 201 256 | 2 187 619 |
| Profit/(loss) on ordinary activities before taxation | - 338 580 - | 152 079 |

SUNBORN (GIBRALTAR) RESORT LIMITED

Unaudited Balance Sheet as at 31 March 2018

| | Unaudited 31 March 2018 | Audited 31 Dec 2017 |
|---|--|--------------------------------------|
| | £ | £ |
| Tangible Fixed Assets | <u>118 898</u> | <u>109 630</u> |
| Current Assets | | |
| Inventory | 119 685 | 123 862 |
| Trade & other receivables | 1 533 579 | 1 258 961 |
| Cash at bank | <u>40 536</u> | <u>148 942</u> |
| | 1 693 799 | 1 531 765 |
| Current Liabilities | | |
| Trade & other payables | <u>3 214 306</u> | |
| | <u>3 214 306</u> | <u>2 704 423</u> |
| Current Assets less Current Liabilities: | (1 520 506) | (1 172 657) |
| Total Assets less Current Liabilities: | <u>(1 401 609)</u> | <u>(1 063 028)</u> |
| Capital & Reserves | | |
| Share Capital | 2 000 | 2 000 |
| Reserves | - 1 065 029 | (1 065 029) |
| P & L Account | - 338 580 | |
| | <u>(1 401 609)</u> | <u>(1 063 029)</u> |

SUNBORN (GIBRALTAR) RESORT LIMITED**Statement of cashflow for 3 Month March 2018**

| | Unaudited YTD £ |
|---|-----------------------|
| Operating profit | (338 580) |
| Adjusted for: | |
| Depreciation | 19 343 |
| Inventories (increase)/decrease | 4 178 |
| Other Creditors increase / (decrease) | 509 883 |
| Other Debtors (increase) / decrease | (274 618) |
| Cashflow from Operating activities | (79 794) |
| Interest paid | - |
| Servicing of finance | - |
| Taxation | - |
| Payments to acquire tangible fixed assets | (28 611) |
| Receipts from sale of fixed assets | - |
| Capital expenditure | (28 611) |
| Loans - net | - |
| Dividends | - |
| Funding | - |
| Net increase in Cash | (108 405) |
| Opening cash balance | 148 942 |
| Closing cash balance | 40 537 |