

# SUNBORN GIBRALTAR



**QUARTERLY FINANCIAL REPORT**  
**1 July – 30 September 2020**  
**SUNBORN (GIBRALTAR) LIMITED**

**sunborn**

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## PERIOD ENDED 30 SEPTEMBER 2020 REPORT

### Key Figures Issuer Sunborn (Gibraltar) Limited

GBP thousand	1 Jul-30 Sep 2020	1 Jul-30 Sep 2019	1 Jan-30 Sep 2020	1 Jan- 31 Dec 2019	1 Jan-30 Sep 2019
Rental income	681	795	1,609	3,180	2,385
EBITDA	615	746	1,430	2,967	2,250
Investment property (yacht hotel)		85,665	83,237	85,128	85,665
Total Equity			818	7,724	5,966
Bond			52,351	48,300	50,753

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

GBP thousand	1 Jul-30 Sep 2020	1 Jul-30 Sep 2019	1 Jan-30 Sep 2020	1 Jan- 31 Dec 2019	1 Jan-30 Sep 2019
Turnover	1,310	3,131	2,746	10,764	8,473
EBITDAR	254	1,161	121	3,327	2,811

### Chief Executive Director, Hans Niemi

Despite challenging circumstances of Covid-19, operations in August and September were successful considering the extraordinary operating environment. Operator Sunborn Gibraltar Resort Q3 revenue was £1.3M (£3.1M) and EBITDAR was £0.25M (£1.16M). The hotel remained on standby during July and operations resumed 1st August achieving c. 50% in room occupancy in both August and September. Stringent cost controls helped keep Q3 operational EBITDA positive. Travel disruptions and lockdowns continued to impact the business and permitted lease waivers were applied as per Amended and Restated Terms and Conditions approved in June 2020's written procedure. As consequence, issuer Q3 lease income was £681 K (£795). The quarantine free travel corridor between Gibraltar and UK coupled with lower but sufficient volume of flights helped attract visitors on short notice. In the absence of usual business travel and MICE, management successfully focused on securing UK leisure travelers.

### 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 in 2020.

### Issuer Sunborn Gibraltar Ltd Financial summary 1 July – 30 September 2020

Sunborn receives lease income from the management company. Lease income was £681 K in Q3 2020 (£795K in Q3 2019). Permitted lease waivers were applied as per the written procedure voted on favorably by bondholders 15th June 2020. The written procedure related amendment fee (50 bp) resulted in a modification loss in interest expenses of the reporting period.

The value of the Yacht hotel is at €110.6 Million based on the latest valuation report dated June 2020.

**Operator Financial summary 1 July – 30 September 2020**

The operations in Q3 continued under Covid-19 impact. Travel restrictions and lockdown of Gibraltar resulted in a reduction of all operations in July and varied restrictions of operating capacities in August and September. The pandemic response worldwide impacted airline movements which decreased -57% YoY and passengers at Gibraltar Airport -62% YoY. In these circumstances, management continued standby of operations for the month of July and prepared for reopening in August as airlines had announce restart of flights. Revenue for the two operating months ended positively with £ 1,3mil (-53% YoY) with EBITDAR at £ 254k (-78% YoY). 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 £0.6m was used for working capital purposes.

**Business environment**

Business environment in Gibraltar has been negatively impacted during the period.

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*

Pandemic related restrictions on normal business operation in Gibraltar started in March and many policy decisions by government continue to be in force today. 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 majority of company employees were made inactive under the government furloughing scheme on the 1st April 2020. The company has implemented strict cost controls and frozen non-critical investments.

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 temporary closure and subsequent changes in the operating environment.

Looking forward, the fourth quarter started out in similar fashion however the recent UK lockdown in November led to yet again temporary reductions in flights and a ban on non-essential travel effective November 5 to December 2. New air route by WIZZ air was announced to start in December and is expected to raise visitor numbers for next year.

### *Brexit*

UK has officially left the EU 1.1.2020 and the transition period ends 31.12.2020 while the future relationship is being negotiated.

### **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.

Should the poor trading environment, disruption or business restrictions continue beyond 2020, 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.

Throughout the crisis, Sunborn Gibraltar has been working to secure additional working capital facilities and secure loans in addition to working with the government on fiscal and other support schemes to assist the industry through this crisis. The Operating company secured a permitted credit line (according to Amended and Restated Terms and Conditions) secured by parent company up to £1.5m, of which during the period £0.6m was withdrawn for working capital purposes.

The availability of additional working capital, loans and fiscal support is uncertain and should the disruption and business restrictions continue without additional capital resources available, the going concern of the company may have material uncertainty.

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 reviews 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 Sep 2020	1 Jul - 30 Sep 2019	YTD		Audited
				1 Jan - 30 Sep 2020	1 Jan - 30 Sep 2019	1 Jan - 31 Dec 2019
Rental income from group companies	3	681	795	1,609	2,385	3,180
Depreciation	4	(630)	(630)	(1,890)	(1,891)	(2,522)
Other operating expenses		(66)	(49)	(179)	(135)	(213)
<b>Operating profit/loss</b>		<b>(15)</b>	<b>116</b>	<b>(460)</b>	<b>359</b>	<b>445</b>
Unrealised Foreign exchange loss/gain *		0	0	(3,501)	(16)	2,545
Finance cost - amortisation of borrowing cost		(362)	(97)	(552)	(289)	(386)
Finance cost - group borrowings		(116)	(116)	(348)	(349)	(465)
Finance costs - other borrowings		(681)	(676)	(2,042)	(1,990)	(2,668)
Finance costs, net		<b>(1,160)</b>	<b>(889)</b>	<b>(6,444)</b>	<b>(2,644)</b>	<b>(974)</b>
<b>Profit/(loss) before taxes</b>		<b>(1,175)</b>	<b>(773)</b>	<b>(6,904)</b>	<b>(2,285)</b>	<b>(529)</b>
Income tax expense			-		-	-
<b>Profit/(loss) for the period</b>		<b>(1,175)</b>	<b>(773)</b>	<b>(6,904)</b>	<b>(2,285)</b>	<b>(529)</b>
<b>Total comprehensive income/(loss) for the period</b>		<b>(1,175)</b>	<b>(773)</b>	<b>(6,904)</b>	<b>(2,285)</b>	<b>(529)</b>

\* This is the unrealised FX difference of the outstanding bookvalue of the EUR denominated bond on the balance sheet date

**STATEMENT OF FINANCIAL POSITION**

GBP thousand	Note	Unaudited 30 September 2020	Audited 31 December 2019	Unaudited 30 September 2019
<b>ASSETS</b>				
<b>Non-current assets</b>				
Investment property	4	83,237	85,128	85,665
Property plant and equipment	5	7	17	173
		<b>83,244</b>	85,145	85,838
<b>Current assets</b>				
Receivables from group companies		2,212	1,957	1,956
Other Receivables		302	319	196
Cash and cash equivalents		261	1,060	1,193
Total current assets		<b>2,776</b>	3,336	3,345
Total assets		<b>86,019</b>	88,481	89,183
<b>EQUITY</b>				
<b>Capital and reserves attributable to the Company's equity holders</b>				
Share capital	6	3	3	3
Share premium	6	15,604	15,604	15,604
Capital reserves	6	10,000	10,000	10,000
Retained result		( 24,789)	( 17,885)	( 19,641)
Total equity		<b>818</b>	7,722	5,966
<b>LIABILITIES</b>				
<b>Non-current liabilities</b>				
Payables to group companies		30,997	30,997	31,976
Borrowings	7	52,351	48,300	50,763
Total non-current liabilities		<b>83,348</b>	79,297	82,739
<b>Current liabilities</b>				
Payables to group companies		1,386	1,093	109
Other payables		467	369	369
Total current liabilities		<b>1,853</b>	1,462	478
Total liabilities		<b>85,201</b>	80,759	83,217
Total equity and liabilities		<b>86,019</b>	88,481	89,183

STATEMENT OF CHANGES IN EQUITY

GBP thousand	Share capital	Share premium	Capital reserve	Retained earnings	Total equity
<b>Equity at 31 Dec 2018</b>	<b>3</b>	<b>15,604</b>	<b>10,000</b>	<b>( 17,356)</b>	<b>8,251</b>
Result for the period to 31 Dec 2019	-	-	-	( 529)	( 529)
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>( 529)</b>	<b>( 529)</b>
<b>Equity at 31 December 2019</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 Sep 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>



## STATEMENT OF CASH FLOWS

GBP thousand	Unaudited 1 Jan - 30 Sep 2020	<b>Audited</b> <b>1 Jan - 31 Dec</b> <b>2019</b>	Unaudited 1 Jan - 30 Sep 2019
<b>Operating activities</b>			
Operating profit/loss	<b>(460)</b>	445	359
<b>Adjustment for:</b>			
Depreciation	<b>1,902</b>	2,521	1,891
<b>Change in working capital:</b>			
Change in receivables from group companies	<b>( 255)</b>	( 275)	( 274)
Change in other receivables	<b>15</b>	( 251)	( 127)
Change in payables to group companies	<b>( 55)</b>	1	105
Change in other payables	<b>98</b>	( 75)	( 75)
Net cash flows generated from operations before interest payments	<b>1,244</b>	2,366	1,879
Interest paid	<b>( 2,042)</b>	( 2,673)	( 1,990)
Net cash flows used in operations	<b>( 798)</b>	( 307)	( 111)
Cash used in investing activities			
Additions in investment property	-	-	-
Purchase of property, plant and equipment	-	-	( 62)
	-	-	( 62)
Cash flows from financing activities			
Repayment of borrowings from Group company	-	-	-
Transaction costs paid	-	-	-
Net cash flows from financing activities	-	-	-
Net (decrease)/increase in cash and cash equivalents	<b>( 798)</b>	( 307)	( 173)
Cash and cash equivalents as at beginning of period	<b>1,060</b>	1,367	1,367
Cash and cash equivalents as at end of the period	<b>262</b>	1,060	1,194

**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 40 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 September 30, 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 Ltd through the operator Sunborn Gibraltar Resort Ltd'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 FCO 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 during the period £0.6m was withdrawn 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 normally 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 from the parent company. 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. Again, in September 2018, £10M of borrowings from Sunborn International Oy have been converted to 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.

**4. Investment property**

GBP thousand	<u>Vessel ind improvements</u>	<u>Furniture &amp; Fittings</u>	<u>Total</u>
<b>Cost</b>			
At 01 January 2019	101,993	487	102,480
Additions	-	-	-
At 31 December 2019	101,993	487	102,480
Additions	-	-	-
<b>At 30 September 2020</b>	<b>101,993</b>	<b>487</b>	<b>102,480</b>
<b>Depreciation</b>			
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	1,869	21	1,890
<b>At 30 September 2020</b>	<b>18,817</b>	<b>425</b>	<b>19,242</b>
<b>Net book value</b>			
<b>At 30 September 2020</b>	<b>83,176</b>	<b>62</b>	<b>83,237</b>
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	- 40years
Vessel improvements	- shorter of remaining life of the vessel or useful life of the vessel improvement (3 to 25 years)
Furniture and fittings	- 10years

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 30 September 2020 and 31 December 2019	
	No.	£
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	30 Sept 2020	31 Dec 2019	30 Sept 2019
Wholly repayable within five years	<b>52,351</b>	48,300	50,763
Details of loans wholly repayable within five years are as follows:			
5% senior secured bond of € 58,290,000 <sup>1</sup> (previously € 58,000,000) repayable on 5 September 2022	<b>53,101</b>	49,341	51,898
Less: transaction costs	<b>(750)</b>	(1,041)	(1,135)
	<b>52,351</b>	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 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.

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 principle 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	Income/(Expense)				
	1 July – 30 Sep 2020	1 Jul – 30 Sep 2019	1 Jan – 30 Sep 2020	1 Jan – 30 Sep 2019	1 Jan – 31 Dec 2019
Sunborn (Gibraltar) Resort	134	795	1,062	2,385	3,180
Sunborn International Oy	(116)	(116)	(348)	(349)	(465)



## Appendix 1

### Sunborn (Gibraltar) Resort Limited

#### Unaudited Income Statement

GBP thousand

	Unaudited 3 months ended 30 Sep 20	Unaudited 3 months ended 30 Sep 19	Unaudited 9 months ended 30 Sep 20	Unaudited 9 months ended 30 Sep 19	Audited 31 Dec 19
<b>REVENUE</b>	1310	3131	2747	8473	10764
<b>Cost of sales</b>					
Food	57	140	146		617
Beverage	26	61	51	467	232
Agent commission	18	102	60	176	328
Other	15	32	28	246	81
	116	336	286	890	1258
<b>GROSS PROFIT</b>	1194	2796	2461	7525	9506
<b>Administrative and other expenses</b>	(940)	(1635)	(2340)	(4714)	(6178)
<b>EBITDAR</b>	<b>254</b>	<b>1161</b>	<b>121</b>	<b>2811</b>	<b>3328</b>
Rent cost due to related entity	(681)	(1342)	(1609)	(2385)	(3180)
Depreciation	(32)	(38)	(98)	(111)	(145)
Interest expense	(1)	(1)	(2)	(2)	(3)
<b>Result before tax</b>	(459)	(220)	(1587)	313	
Taxation					
<b>Result for the year</b>	(459)	(220)	(1587)	313	



## Unaudited Balance Sheet

GBP thousand

	Unaudited 30 Sep 20 £	Unaudited 30 Sep 19 £	Audited 31 Dec 19 £
<b>Fixed assets</b>	<b>130</b>	235	<b>204</b>
Tangible fixed assets			
<b>Current Assets</b>			
Inventories	<b>107</b>	129	<b>133</b>
Trade and other receivables	<b>1073</b>	1362	<b>1559</b>
Cash at bank	<b>191</b>	307	<b>81</b>
	<b>1371</b>	1798	<b>1773</b>
<b>Current Liabilities</b>			
Trade and other payables	<b>3695</b>	2927	3191
Finance lease obligation	<b>12</b>	10	11
	<b>3708</b>	2937	<b>3202</b>
Current Assets less Current Liabilities	<b>(2337)</b>	(1139)	(1429)
<b>Non-current liabilities</b>			
Other borrowings	<b>600</b>		
Finance lease obligation	<b>22</b>	24	17
<b>Total Assets less Liabilities</b>	<b>(2828)</b>	<b>(928)</b>	<b>(1241)</b>
<b>Capital and Reserves</b>			
Called up share capital	<b>2</b>	2	2
Profit & loss account	<b>(2830)</b>	(930)	(1243)
	<b>(2828)</b>	<b>(928)</b>	<b>(1241)</b>

## Unaudited Statement of Cash Flows

GBP thousand

### Statement of Cash Flows

	Unaudited 9 months ended 30 Sep 20 £	Unaudited 9 months ended 30 Sep 19 £	Audited 31 Dec 19 £
<b>Reconciliation of operating profit to net cash inflow from operating activities</b>			
Operating profit/(loss)	(1587)	313	
Finance lease interest	2		3
<b>Operating profit/ (loss)</b>	<b>(1586)</b>	<b>313</b>	<b>3</b>
Depreciation	98	111	145
Movement in inventories	26	1	(3)
Movement in debtors	486	16	(181)
Movement in creditors	504	(106)	158
<b>Net cash inflow from operating activities</b>	<b>(472)</b>	<b>335</b>	<b>123</b>
<b>Cash flow from investing activities</b>			
Purchase of tangible fixed assets	(11)	(54)	(58)
<b>Cash flow from financing</b>			
Other borrowings	600		
Repayment of obligations under finance lease	(8)	(3)	(13)
<b>Taxation</b>			
Increase/(decrease) in cash	109	278	52
<b>Reconciliation of net cash flow to movement in net funds</b>			
Cash at bank at 1 January	81	29	29
Cash at bank at 30 September	191	307	81
Increase/(decrease) in cash in year	<b>109</b>	<b>278</b>	<b>52</b>