SUNBORN GIBRALTAR

QUARTERLY FINANCIAL REPORT
1 January – 31 March 2021
SUNBORN (GIBRALTAR) LIMITED

sunborn

CONTENTS

PERIOD ENDED 31 MARCH 2021 REPORT

GBP thousand	1 Jan- 31 Mar 2021	1 Jan -31 Mar 2020	1 Jan-31 Dec 2020
Rental income	795	795	2,404
EBITDA	749	742	2,180
Investment property (yacht hotel)	82,000	84,498	82,623
Total Equity	7,804	6,947	5,781
Bond	49,103	48,395	51,727

Key Figures Operator Sunborn (Gibraltar) Resort Limited

GBP thousand	1 Jan- 31 Mar 2021	1 Jan -31 Mar 2020	1 Jan-31 Dec 2020
Turnover	335	1,412	3,899
EBITDAR	(20)	(12)	239

Chief Executive Director, Hans Niemi

The operations in Q1 continued under Covid-19 impact with stringent restrictions on all travel in the UK, our main feeder market, as well as HM Government of Gibraltar continuing restrictions on hospitality to control the raging pandemic. All airlines had suspended flights with the exception of one BA support flight weekly. Consequently, the hotel occupancy hovered between 3%-15% for the three months. Management had adapted to the trading environment in the previous quarter with positive results, however, under these current circumstances it was evident that losses would be incurred. The hotel received financial assistance from the government however this was insufficient to cover all expenses. Operator Sunborn Gibraltar Resort Q1 revenue was £0.33M (£1.41M 2020) and EBITDAR was -£19k (-£12k) 2020) proving a negative business environment in the quarter. The business environment has improved in May upon the relaxation of the restrictions in both UK and Gibraltar, full vaccination of Gibraltar population and wide and positive media coverage of Gibraltar as a green Covid destination for UK tourism. Leisure travel from the UK has rebounded and summer room bookings are at pace or exceeding 2019 levels.

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 January – 31 March 2021

The Issuer Sunborn Gibraltar Ltd receives lease income from the Operator. Lease income in Q1 2021 was £795 K (£795K in Q1 2020). Costs were in line with previous year.

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

Operator Financial summary 1 January – 31 March

The operations in Q1 continued under Covid-19 impact. FCDO continued with restrictions on travel for UK citizens as well as HM Government of Gibraltar held restrictions on hospitality, however, did not force closure of hotels. All airlines suspended flights with the exception of one BA flight weekly. The hotels occupancy level hovered between 3%-15% for the three months. Management had adapted to the trading environment in the previous Q4 however under these current circumstances it was evident that losses would be incurred. The hotel received financial assistance from the government however this was insufficient to cover all expenses. The Gibraltar Airport recorded negative levels due to travel restrictions with airline movements at a rate of -70.1% YoY and passengers at -85.6% YoY. Revenue for the Quarter ended with £M 0.335 (-76% YoY) with EBITDAR at £-19k (-66% YoY). A restructuring of operations and staffing has continued 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 £.5M was used for working capital purposes.

New financial Covenant – Operator's quarterly EBITDA

A new financial covenant was included in the written procedure approved 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 the Operator EBITDA for Q1 2020 was to exceed 60 per cent of Q1 2019. The Operator EBITDA at £M (0.02) fell short this requirement by £M 0.37 (2019 Q1 EBITDA was M£ 0.58). Since, due to the extraordinary continued Covid circumstances, the Operator did not achieve the Temporary Maintenance Test requirement for this quarter, as per the "Clause 12.2.2 Operator Equity Cure" the parent company has agreed to provide the Operator with a subordinated shareholder loan in an amount sufficient to ensure compliance with the Temporary Maintenance Test (the "Operator Cure Amount"). Therefore, no Event of Default will or has occurred.

Future forward, with the current booking levels in the next 6 months, the Operator forecasts to exceed the covenant combining Q2 and Q3.

Business environment

The main feeder market being the UK has been under lockdown during the entire Q1 period. 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 closed all hospitality during January with the exception of restaurant home delivery. In February, limited hospitality was able to re-open with restaurants re-opening to the public for dine-in beginning of March. The hotel's restaurant was able to remain open for hotel guests only during most of the period.

Positively, Gibraltar was announced as one of 12 countries or territories as a Green List location as of May 17 thereby making Gibraltar an attractive destination for the citizens of the UK. There are new airline routes and carriers coming to Gibraltar. Two new airline routes have commenced by Eastern Airways bringing two weekly flights now begun in May from two new markets: Birmingham and Southampton, UK. In addition, another new carrier, Wizz Air, began flying 1x per week from London Luton airport. BA and easyJet increased flights and brought forward to May additional flights originally planned for June. The number of flights in the last week of May is at 27 arriving per week which is at 2019 levels.

Leisure travel from UK has rebounded and the summer room bookings are at pace or exceeding 2019 levels.

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

Sporting Event

In the month of March, for nearly one week, the hotel was host to numerous boxing teams as well as the champion of the "Rumble on the Rock" rematch fight between Dillian Whyte (champion) and Alexander Povetkin. The Eddie Hearn's Matchroom produced World Boxing Council (WBC) Heavyweight Championship relocated the match from Wembley stadium, London. The event was notably regarded by the Government of Gibraltar as the National Mint issued a commemorative £2 coin to mark the special occasion as the first ever Heavyweight contest in Gibraltar. The event was broadcast on Sky Sports and brought worldwide attention to Gibraltar in a positive light as a safe place to hold events and business to take place.

Covid-19

See business environment above. Pandemic related restrictions on normal business operation in Gibraltar started in March 2020 and many policy decisions by government continued through Q1 2021. 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 Gibraltar Health Authority has successfully vaccinated nearly 100% of its citizens and cross border workers or has allotments for inoculations within the coming days.

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 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 affected 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 business 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 second quarter of 2021 begun under grim circumstances, however, the FCDO has since lifted the ban on non-essential travel on May 17 and local government restrictions have been completely removed in restaurants and events.

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 the final £M 0.500 was withdrawn during Q1 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 Jan-31 Mar 2021	1 Jan – 31 Mar 2020	Audited 1 Jan – 31 Dec 2020
Rental income from group companies	3	**795**	795	**2404**
Depreciation	4	**(623)**	(630)	**(2522)**
Other operating expenses		**(46)**	(53)	**(224)**
Operating profit/loss		**126**	**111**	**(342)**
Conversion to Capital reserve of intercompany loan				**5000**
Foreign exchange loss/gain		**2718**	(4)	**(2847)**
Finance cost - amortisation of borrowing cost		**(95)**	(95)	**(619)**
Finance cost - group borrowings		**(97)**	(116)	**(465)**
Finance costs - other borrowings		**(629)**	(674)	**(2668)**
Finance costs, net		**1897**	**(889)**	**(6599)**
Profit/(loss) before taxes		**2023**	**(777)**	**(1941)**
Income tax expense	-	-	-	
Profit/(loss) for the period		**2023**	**(777)**	**(1941)**
Total comprehensive income/(loss) for the period		**2023**	**(777)**	**(1941)**

STATEMENT OF FINANCIAL POSITION

GBP thousand	Note	Unaudited 31 March 2021	Unaudited 31 March 2020	Audited 31 December 2020
ASSETS				
Non-current assets				
Investment property	4	82000	84,498	82623
Property plant and equipment	5		12	
		82000	84,510	82623
Current assets				
Receivables from group companies		2609	2,432	2148
Other Receivables		419	275	322
Cash and cash equivalents		12	668	292
Total current assets		3040	3,375	2762
Total assets		85039	87,885	85385
EQUITY				
Capital and reserves attributable to the Company's equity holders				
Share capital	6	3	3	3
Share premium	6	15604	15,604	15604
Capital reserves	6	15000	10,000	15000
Retained result		(22803)	(18,660)	(24826)
Total equity		7804	6,947	5781
LIABILITIES				
Non-current liabilities				
Payables to group companies		25997	30,997	25997
Borrowings	7	49103	48,395	51727
Total non-current liabilities		75100	79,392	77724
Current liabilities				
Payables to group companies		1653	1,285	1470
Other payables		482	261	410
Total current liabilities		2135	1,546	1880
Total liabilities		77236	80,938	79604
Total equity and liabilities		85039	87,885	85385

STATEMENT OF CHANGES IN EQUITY

STATEMENT OF CHANGES IN EQUITY GBP thousand	Share capital	Share premium	Capital reserve	Retained earnings	Total equity
Equity at 01 January 2020	**3**	**15604**	**10000**	**(17885)**	**7722**
Result for the period to 31 March 2020				**(777)**	**(777)**
Total comprehensive income for the period	**-**	**-**	**-**	**(777)**	
Equity at 31 March 2020	**3**	**15604**	**10000**	**(18660)**	**6947**
Conversion to Capital reserve of intercompany loan			**5000**	**(5000)**	
Result for the period to 31 December 2020	-	-	-	(1941)	(1941)
Total comprehensive income for the period	**-**	**-**	**-**	**(6941)**	**(1941)**
Equity at 31 December 2020	**3**	**15604**	**15000**	**(24826)**	**5781**
Result for the period to 31 March 2021	-	-	-	**2023**	**2023**
Total comprehensive income for the period	**-**	**-**	**-**	**2023**	
Equity at 31 March 2021	**3**	**15604**	**15000**	**(22803)**	**7804**

STATEMENT OF CASH FLOWS

GBP thousand	1 Jan - 31 Mar 2021	1 Jan - 31 Mar 2020	Audited 1 Jan - 31 Dec 2020
Operating activities			
Operating loss/profit	126	111	(342)
Adjustment for:			
Depreciation	623	630	2522
Net foreign exchange differences			
Change in working capital:			
Change in receivables from group companies	(461)	(489)	(276)
Change in other receivables	(97)	59	(3)
Change in payables to group companies	86	192	(3)
Change in other payables	72	(108)	41
Net cash flows generated from operations before interest payments	349	396	1939
Interest paid	(629)	(674)	(2708)
Net cash flows used in operations	(280)	(278)	(768)
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	-	(116)	-
Transaction costs paid	-		-
Net cash flows from financing activities	-	(116)	-
Net decrease in cash and cash equivalents	(280)	(394)	(768)
Cash and cash equivalents at 1 January	292	1,061	1060
Cash and cash equivalents at 31 December	12	667	292

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	102,446
Additions	-	-	-
At 31 December 2019	101,993	487	102,480
Additions	-	-	-
At 31 Dec 2020	101,993	487	102,480
Additions	-	-	-
At 31 March 2021	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	2,477	28	2,505
At 31 December 2020	19,425	432	19,857
Charge for the period	616	7	623
At 31 March 2021	20,041	439	20,481
Net book value			
At 31 March 2021	**81,952**	**48**	**82,000**
At 31 December 2020	82,568	55	82,623
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 2020	
	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 Mar 2021**	31 Dec 2020
Wholly repayable within five years	**49,103**	51,727
Details of loans wholly repayable within five years are as follows:		
Senior secured bond SE0010296632 due 5/9/22	**49,662**	52,381
Less: transaction costs	**(559)**	(654)
	49,103	51,727

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 Jan– 31 Mar 2021**	**1 Jan – 31 Mar 2020**		**1 Jan 31 Dec 2020**	**1 Jan – 31 Dec 2020**
Sunborn (Gibraltar) Resort	**795**	795		2,404	2,404
Sunborn International Oy	**(97)**	(116)		(465)	(465)
Sunborn International Oy loan capital conversion		-	-	**5000**	

	31 Mar 2021		**31 Dec 2020**	
GBP thousand	**Receivables**	**Liabilities**	**Receivables**	**Liabilities**
Sunborn (Gibraltar) Resort	**2,598**	**86**	**2,137**	**86**
Sunborn (Gibraltar) Holdings	**3**		**3**	
Casino Sunborn (Gibraltar)	**8**		**8**	
Sunborn International (UK)				
Sunborn International Oy		**27,469**		**27,285**
Sunborn Oy		**95**		**95**
Total	**2,609**	**27,650**	**2,148**	**27,466**

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

STATEMENT OF COMPREHENSIVE INCOME

	Unaudited 3 months ended 31 Mar 21	Unaudited 3 months ended 31 Mar 20	Unaudited 3 months ended 31 Mar 19	Audited 12 months ended 31 Dec 20
REVENUE	335	1412	2325	3899
Cost of sales				
Food	22	90	153	200
Beverage	8	26	42	81
Agent commission	8	38	75	124
Other	5	13	10	40
	44	166	279	445
GROSS PROFIT	291	1246	2045	3453
Administrative and other expenses	(311)	(1258)	(1468)	(3214)
EBITDAR	(20)	(12)	578	239
Rent cost due to related entity	(795)	(795)	(795)	(2404)
Depreciation	(48)	(33)	(36)	(289)
Interest expense	(9)	(1)	(1)	(16)
Result before tax	(872)	(840)	(255)	(2470)
Taxation				
Result for the year	(872)	(840)	(255)	(2470)

Unaudited Balance Sheet
GBP thousand

BALANCE SHEET	unaudited 31 Mar 21 £	unaudited 31 Mar 20	Audited 31 Dec 20 £
Fixed assets	134	184	182
Tangible fixed assets			
Current Assets			
Inventories	99	129	100
Trade and other receivables	976	1160	966
Cash at bank	261	81	324
	1336	1370	1390
Current Liabilities			
Trade and other payables	4532	3622	4165
Finance lease obligation	12	11	12
	4544	3632	4177
Current Assets less Current Liabilities	(3208)	(2262)	(651)
Non-current liabilities			
Finance lease obligation	8	17	5
Permitted loan facility	1500		1100
Total Assets less Liabilities	(4583)	(2095)	(3711)
Capital and Reserves			
Called up share capital	2	2	2
Profit & loss account	(4585)	(2101)	(3713)
	(4583)	(2099)	(3711)

Unaudited **Statement** of Cash Flows
GBP thousand

Statement of Cash Flows	Unaudited 3 months ended 31-Mar-21 £	Audited 31 Dec 20 £
Reconciliation of operating profit to net cash inflow from operating activities		
Operating profit/(loss)	(872)	(2470)
Finance lease interest	12	16
Operating profit/ (loss)	(861)	(2454)
Depreciation	48	289
Movement in inventories	(1)	34
Movment in debtors	(10)	593
Movement in creditors	367	961
Net cash inflow from operating activities	(457)	(578)
Cash flow from investing activities		
Purchase of tangible fixed assets		(266)
Cash flow from financing		
Other borrowings	400	1100
Repayment of obligations under finance lease	(7)	(13)
Taxation		
Increase/(decrease) in cash	(63)	243
Reconciliation of net cash flow to movement in net funds		
Cash at bank at 1 January	324	81
Cash at bank at 30 September	261	324
Increase/(decrease) in cash in year	(63)	243