



SUNBORN GIBRALTAR LTD: INTERIM REPORT FOR JANUARY - MARCH 2024

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STOCK EXCHANGE RELEASE

This is a summary of the Q1 2024 interim financial report. The complete report is attached to this release and is also available at www.sunborn.com/press/

Key figures

GBP thousand	1 Jan - 31 Mar 2024	1 Jan - 31 Mar 2023	1 Jan - 31 Dec 2023
Rental income	1,050	1,050	4,750
EBITDA	1,003	1,010	4,490
Investment property (yacht hotel)	76,983	78,348	77,343
Total equity	5,130	5,773	5,119
Bond	49,863	50,807	50,449

Issuer Sunborn Gibraltar Ltd Financial summary 1 January - 31 March 2024

The Issuer Sunborn Gibraltar Ltd lease income in Q1 2024 from the Operator was 1.050 MGBP (Q1 2023: 1.050 MGBP). Lease continues at higher level to historical levels to support increased borrowing costs. Operational costs were in line with expectations, but interest expenses have increased significantly. The parent company has contributed an equity cure in form of capital loan to support liquidity.

The fair value of the Yacht hotel is at 108.6 MEUR based on the latest valuation report.

Operator Financial summary 1 January - 31 March 2024

Issuer lease income was £1,05M (£1,05M) and costs and EBITDA were in line with last year and budget. Operator Total Revenue in the period was 1,964 MGBP, up +18 % YoY 2023. A decent result for the quietest period of the year, however still well below 2019 pre-pandemic performance. Rooms revenue exceeded the previous year by 0,269 MGBP at +24% % due to an increase in Occupancy of +33 %, although ADR level decreased -7 % YoY but ultimately RevPar was up +22 %. Costs of Goods Sold (CoGS) have been managed positively during the period resulting in an increase of GOP by +17 % YoY. Material increases in costs - minimum wage, mooring fees and goods and services continue to impact EBITDAR.

Refinancing process for bond is ongoing and a written procedure was initiated on February 21, 2024, and concluded on March 18, 2024 to extend maturity by 6 months to conclude financing negotiations impacted by macroeconomic environment, higher for longer rates policy and volatile global environment for hospitality and commercial real-estate.

Business environment

Incoming flights to Gibraltar continue at levels below pre-2020 correlating to occupancy. Management focus is to increase revenue, occupancy and profitability to support the significantly higher financing costs – however an improvement in market conditions and flight volumes is required. Gibraltar continues negotiations for concluding border and trade agreement with EU-UK-Spain.

During the period of Q1, 2024, the hotel continues to maintain high levels of Guest satisfaction ratings reflected by Trip Advisor rating of #2, Booking.com rating of 8.5/10, Hotels.com rating of 9.2/10, Expedia.com 9.2/10 during the period.

In May 2024, the hotel was inspected and received the continued AA-rating of Five Star for the hotel and 2 Rosettes for the main restaurant. The Sunborn remains the only 5 star rated hotel in Gibraltar.

Notable events during and after the end of the reporting period and estimate future development

In February 2024 the Company issued a Written Procedure seeking an extension of 5 March 2024 maturity to 5 September 2024 to conclude the refinancing negotiations currently underway. The last written procedure approved on 18th of March 2024, allows the issuer to focus its activity in exploring various solutions to redeem the bond at its new maturity.

The parent group has supported the bond through the challenges of the pandemic and subsequent higher interest costs, by providing additional security and cash injections as equity cure.

High inflation and higher for longer rates policy risk the ability of operations to cover the high interest costs and continuing rise in operating expenses, however the market value of company assets is estimated by management to exceed the company's current and long-term liabilities providing grounds for continued going concern operation.

The company is preparing a written procedure – aimed to be issued in the beginning of June – in preparation to manage the process for redemption of the bonds.

Short-term risks and uncertainties

Company bond is approaching maturity on September 5, 2024 and has enlisted financial advisors for active discussions to secure refinancing prior to extended maturity. The prevailing conditions in the high-yield and commercial real estate markets, coupled with a challenging business environment in Gibraltar and performance that falls short of expectations, compound the complexity of these negotiations.

Should the Company fail to secure the necessary refinancing, there would be significant doubt about its ability to continue as a going concern and the assumption of ongoing operations could be deemed inappropriate, necessitating the revaluation of company assets to their recoverable amounts and possibly leading to the recognition of additional liabilities.

Floating interest rate risk has not been hedged. High interest rates impact negatively and materially on Sunborn Gibraltar's liquidity.

Sunborn Gibraltar Ltd
Board of Directors

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Sunborn Group in brief

Sunborn is privately owned and 50 years old group of companies headquartered in Finland. Sunborn focuses on development, management and ownership of high-quality hospitality property and business operations. Sunborn group has presence in seven countries with operations ranging real-estate, hotels and lodging, residential communities, yacht hotels, food service, and catering among others.

www.sunborn.com

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Attachments

- [Download announcement as PDF.pdf](#)
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