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**SABINA ESTATES GROUP HOLDINGS LIMITED**  
**ANNUAL REPORT & FINANCIAL STATEMENTS**  
FOR THE YEAR ENDED 31 DECEMBER 2019

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**COMPANY NUMBER 09874234**

# **SABINA ESTATES GROUP HOLDINGS LIMITED**

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# **SABINA ESTATES GROUP HOLDINGS LIMITED**

## **COMPANY INFORMATION**

Directors:	J Gray G Rabbetts
Company secretary:	Oakwood Corporate Secretary Limited 3rd Floor 1 Ashley Road Altrincham Cheshire WA14 2DT
Registered office:	3rd Floor 1 Ashley Road Altrincham Cheshire WA14 2DT
Independent auditor:	BDO LLP 55 Baker Street London W1U 7EU

# **SABINA ESTATES GROUP HOLDINGS LIMITED**

## **DIRECTORS REPORT**

The Directors present their annual report and the audited financial statements of the Company, which is incorporated under the laws of England and Wales, for the year ended 31 December 2019.

The Company was incorporated on 16 November 2015 and its registration number is 09874234.

The Company is ultimately controlled by Sabina Estates Limited, a Company incorporated in Guernsey.

### **STATEMENT OF DIRECTORS' RESPONSIBILITY**

The Directors are responsible for preparing the Directors Report and the financial statements in accordance with applicable law and regulations. Company law requires the Directors to prepare financial statements for each financial period, under that law the Directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company at the end of the period and of the profit or loss of the Company for that period. In preparing those financial statements the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on a going concern basis unless it is inappropriate to assume that the Company will continue in business.

The Directors confirm that they have complied with the above requirements in preparing the financial statements.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements have been properly prepared in accordance with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### **DISCLOSURE TO AUDITOR OF RELEVANT INFORMATION**

So far as each of the Directors is aware, there is no relevant audit information of which the Company's auditor is unaware and each has taken all the steps he ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

### **PRINCIPAL ACTIVITY**

The principal activity of the Company is investment and advisory services to its subsidiary companies who undertake property development.

### **RESULTS AND DIVIDENDS**

The results for the year are set out in the statement of comprehensive income on page 9. The Directors do not recommend a payment of a dividend.

# **SABINA ESTATES GROUP HOLDINGS LIMITED**

## **DIRECTORS REPORT (CONTINUED)**

### **COVID-19**

The Directors have carefully considered the risks to the business caused by COVID-19 and have taken a number of measures to monitor and prevent the effects of the COVID-19 virus such as health and safety measures for our staff including social distancing and, where possible, working from home.

The Company is an intermediate holding company within the Sabina Estates Group. The Company holds loan notes with its subsidiaries based in Spain, of which, the main construction project at Cala Tarida has been affected through the lockdown measures in Ibiza, however, a reduced level of construction and fit out has continued and a number of the units have now completed.

At this stage, the impact on our business and results is limited, however, we continue to monitor and assess the risks. We will continue to follow the Spanish, UK and Guernsey Governments guidelines and directives to ensure our business continue to operate in the best and safest way possible. On the basis of the recent property completions in Spain the Directors believe that the investment in the Spanish subsidiaries remains fully recoverable and that the Company and the Spanish subsidiaries have adequate financial resources to continue as a going concern for the foreseeable future.

### **DIRECTORS**

The Directors of the Company during the year and to date, unless otherwise stated, were:-

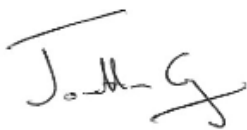
J Gray  
G Rabbetts

### **AUDITOR**

BDO LLP has indicated their willingness to continue as auditor.

In preparing the Directors' Report advantage has been taken of the small companies' exemption.

Approved by the Board of Directors



**J Gray**



**G Rabbetts**

**Date: 11 June 2020**

# **SABINA ESTATES GROUP HOLDINGS LIMITED**

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SABINA ESTATES GROUP HOLDINGS LIMITED**

### **OPINION**

We have audited the financial statements of Sabina Estates Group Holdings Limited ("the Company") for the year ended 31 December 2019 which comprise statement of comprehensive income and other comprehensive income, statement of financial position, statement of changes in equity, statement of cash flows, and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **BASIS FOR OPINION**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **CONCLUSIONS RELATING TO GOING CONCERN**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

### **OTHER INFORMATION**

The Directors are responsible for the other information. The other information comprises the information included in the Annual report and financial statements, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

## **SABINA ESTATES GROUP HOLDINGS LIMITED**

### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SABINA ESTATES GROUP HOLDINGS LIMITED (CONTINUED)**

#### **OPINIONS ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' report has been prepared in accordance with applicable legal requirements.

#### **MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION**

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Director's report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion;

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the Directors were not entitled to take advantage of the small companies' exemptions in preparing the Directors' report and from the requirement to prepare a Strategic report.

#### **RESPONSIBILITIES OF DIRECTORS**

As explained more fully in the Statement of Directors Responsibilities, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

#### **AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

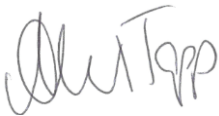
A further description of our responsibilities for the audit of the financial statements is located at the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

## **SABINA ESTATES GROUP HOLDINGS LIMITED**

### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SABINA ESTATES GROUP HOLDINGS LIMITED (CONTINUED)**

#### **USE OF OUR REPORT**

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Alexander Tapp (Senior Statutory Auditor)  
For and on behalf of BDO LLP, Statutory Auditor  
London, UK

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

11 June 2020



## SABINA ESTATES GROUP HOLDINGS LIMITED

### STATEMENT OF COMPREHENSIVE INCOME AND OTHER COMPREHENSIVE INCOME

	Notes	1 January 2019 to 31 December 2019 EUR	1 January 2018 to 31 December 2018 EUR
Revenue		783,612	342,000
Cost of sales	4	(740,882)	(339,012)
Gross profit		42,730	2,988
Administrative expenses		(178,739)	(209,253)
<b>Operating loss</b>		<b>(136,009)</b>	<b>(206,265)</b>
Finance income		9,184,540	6,500,715
Finance expense	5	(8,301,409)	(5,881,796)
		883,131	618,919
<b>Profit before taxation</b>	6	<b>747,122</b>	<b>412,654</b>
Taxation	7	(175,500)	(174,381)
<b>Profit for the year</b>		<b>571,622</b>	<b>238,273</b>
<b>Total comprehensive income</b>		<b>571,622</b>	<b>238,273</b>

All amounts relate to continuing activities. All income is attributable to the equity holders of the parent company. There are no non-controlling interests.

The notes on pages 13 to 25 form an integral part of these financial statements.

# SABINA ESTATES GROUP HOLDINGS LIMITED

## STATEMENT OF FINANCIAL POSITION

	Notes	As at 31 December 2019 EUR	As at 31 December 2018 EUR
<b>Non-current assets</b>			
Investment in subsidiaries	8	3,000	3,000
Loan to subsidiaries	9	80,545,990	83,613,610
		80,548,990	83,616,610
<b>Current assets</b>			
Intergroup expenses		8,721	-
Trade and other receivables	10	1,519,107	465,584
Cash and cash equivalents		2,452,809	2,751,877
		3,980,637	3,217,461
<b>Total assets</b>		<b>84,529,627</b>	<b>86,834,071</b>
<b>Current liabilities</b>			
Trade and other payables	11	2,532,940	459,006
<b>Non-current liabilities</b>			
Loans	12	81,544,520	86,494,520
<b>Total liabilities</b>		<b>84,077,460</b>	<b>86,953,526</b>
<b>Net assets / (liabilities)</b>		<b>452,167</b>	<b>(119,455)</b>
<b>Equity attributable to equity holders of the company</b>			
Share capital	13	1	1
Retained earnings		452,166	(119,456)
<b>Total equity</b>		<b>452,167</b>	<b>(119,455)</b>

The financial statements have been prepared in accordance with the provisions applicable to small companies within part 15 of the Companies Act 2006.

The financial statements on pages 13 - 25 were approved and authorised for issue by the Board of Directors and were signed on its behalf by:



**J Gray**

**Director**



**G Rabbetts**

**Director**

**Date: 11 June 2020**

The notes on pages 13 - 25 form part of these financial statements.

## SABINA ESTATES GROUP HOLDINGS LIMITED

### STATEMENT OF CHANGES IN EQUITY

	Notes	Share capital EUR	Retained earning EUR	Total EUR
At 1 January 2019		1	(119,456)	(119,455)
Total comprehensive profit for the year		-	571,622	571,622
<b>At 31 December 2019</b>		<b>1</b>	<b>452,166</b>	<b>452,167</b>

	Notes	Share capital EUR	Retained earning EUR	Total EUR
At 1 January 2018		1	(357,729)	(357,728)
Total comprehensive profit for the year		-	238,273	238,273
<b>At 31 December 2018</b>		<b>1</b>	<b>(119,456)</b>	<b>(119,455)</b>

The notes on pages 13 - 25 form part of these financial statements.

# SABINA ESTATES GROUP HOLDINGS LIMITED

## STATEMENT OF CASH FLOW

		1 January 2019 to 31 December 2019	1 January 2018 to 31 December 2018
	Notes	EUR	EUR
<b>Cash flows from operating activities</b>			
profit before taxation		747,122	412,654
Adjustments for:			
Impairment of loans		145,449	-
Depreciation		-	667
Finance income		(9,184,540)	(6,500,715)
Finance expense		8,301,409	5,881,796
		9,440	(205,598)
Increase in trade and other receivables		(429,288)	(82,890)
(Decrease) / increase in trade and other payables		(32)	4,557
Taxation paid	6	(125,425)	(50,663)
<b>Net cash generated used in operating activities</b>		<b>(545,305)</b>	<b>(334,594)</b>
<b>Cash flows from investing activities</b>			
Increase in loans to subsidiaries	9	(26,336,550)	(26,086,912)
Loan repayments from subsidiaries	9	29,250,000	-
Loan interest received		8,560,305	6,500,700
Bank interest received		59	15
<b>Net cash generated from / (used in) investing activities</b>		<b>11,473,814</b>	<b>(19,586,197)</b>
<b>Cash flows from financing activities</b>			
Loan drawdowns	12	22,550,000	24,446,520
Loan repayments	12	(27,500,000)	-
Loan interest paid		(6,261,472)	(5,779,985)
<b>Net cash (used in) / generated from financing activities</b>		<b>(11,211,472)</b>	<b>18,666,535</b>
Net decrease in cash for the year		(282,963)	(1,254,256)
Cash at the beginning of the year		2,751,877	4,016,858
Exchange losses on cash and cash equivalents		(16,105)	(10,725)
<b>Cash and cash equivalents at the end of the year</b>		<b>2,452,809</b>	<b>2,751,877</b>

The notes on pages 13 - 25 form part of these financial statements.

# SABINA ESTATES GROUP HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### 1. GENERAL INFORMATION

The Company was incorporated on 16 November 2015 and is incorporated under the laws of England and Wales. The Company's registered office is at 3rd Floor, 1 Ashley Road, Altrincham, Cheshire, WA14 2DT.

The audited consolidated financial statements of the Company for the year ended 31 December 2019 were authorised by the Board for issue on 28 May 2020.

### 2. ACCOUNTING POLICIES

#### Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards, International Accounting Standards and Interpretations as adopted by the European Union (collectively IFRSs).

The preparation of financial statements in compliance with IFRS requires the use of certain critical accounting estimates. It also requires the Directors to exercise judgment in applying the Company's accounting policies. The areas where significant judgments and estimates have been made in preparing the financial statements and their effect are disclosed in note 3.

#### Basis of measurement

The financial statements have been prepared on a historical cost basis.

There were no new standards effective in the year that affected these financial statements.

#### Standards issued but not yet effective

The following are new standards, interpretations and amendments, which are not yet effective and have not been early adopted in these financial statements that will or may have an effect on the Company's future financial information:

- IFRS 17 Insurance contracts (effective 1 January 2021);
- IFRS 3 Business Combinations, amendments to clarify the definition of a business (effective for annual periods beginning on or after 1 January 2020);
- IAS 1 Presentation of Financial Statements and IAS 8 Accounting policies, changes in accounting estimates and errors amendment – Definition of Material (effective for annual periods beginning on or after 1 January 2020);
- IAS 8 Accounting Policies, changes in accounting estimates and errors – amendments regarding the definition of material (effective for annual periods beginning on or after 1 January 2020); and
- Revised Conceptual Framework for Financial Reporting (effective 1 January 2020).

The Directors do not expect the adoption of new accounting standards issued but not yet effective to have a significant impact on the financial statements

#### Going Concern

At the date of approval of the consolidated financial statements the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future.

The Directors have considered the potential impact to the business from the effects of the current pandemic (COVID-19) and have put in place plans to mitigate the currently known, and potential risks to the business. The Company is an intermediate holding company within the Sabina Estates Group. The Company has made a series of loans to its subsidiaries which are interest bearing and are provided to fund their property developments

The Company has limited overheads which are largely administrative costs.

# SABINA ESTATES GROUP HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 2. ACCOUNTING POLICIES (CONTINUED)

#### Going Concern (continued)

To fund these amounts, the Company has issued quoted Eurobonds repayable in December 2025 to its parent Sabina Estates Limited (which are listed on TISE).

The Directors have prepared detailed cash flow projections to assess the likely performance of the Company and its' subsidiaries in the coming 12 months. This includes sensitising cash flows for the potential delays to completions of both contracted sales and of delays caused by the lack of new sales as a result of buyers being unable to visit or unwilling to commit in the current economic environment (in turn impacting on their ability to meet their obligations to the company under these loans) .

Based on these projections, the directors are confident that the Company will have sufficient cash to meet all of its obligations as they fall over the coming year and as such consider it appropriate to continue to prepare these financial statements on a going concern basis.

#### Functional and presentation currency

The overall objective of the Company is to generate returns in Euros and the Company's performance is evaluated in Euros. Therefore, the Directors consider Euros as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions and have therefore adopted it as the functional and presentation currency. The figures are presented in round euros.

#### Consolidation

The consolidated financial statements have not been prepared as consolidated financial statements of the Company's parent, Sabina Estates Limited are publicly available.

#### Cash and short term deposits

Cash and short term deposits comprise cash at bank and short-term deposits with an original maturity of three months or less.

#### Trade and other payables

Trade and other payables are initially recognised at fair values and subsequently held at amortised cost.

#### Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of consideration received or receivable, excluding discounts rebates, value added tax and other sales taxes.

Revenue is recognised once the value of the transaction can be reliably measured and the significant risks and rewards of ownership have been transferred.

#### Financial instruments

Financial assets and financial liabilities are recognised on the statement of financial position when the Company has become a party to the contractual provisions of the instruments.

Financial assets are derecognised only when the contractual rights to the cash flows from the financial asset expire or the Company transfers substantially all risks and rewards of ownership.

##### a) Financial assets

The company's financial assets consist of receivables. Financial assets recognised on the statement of financial position as trade and other receivables are classified as loans and receivables. They are recognised initially at fair value and subsequently measured at amortised cost less provision for impairment. A provision for impairment is made when there is objective

# **SABINA ESTATES GROUP HOLDINGS LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

### **2. ACCOUNTING POLICIES (CONTINUED)**

#### **Financial instruments (continued)**

##### **a) Financial assets (continued)**

evidence that the Company will not be able to collect all of the amounts due under the original terms of the invoice. Impaired debts are derecognised when they are assessed as uncollectible.

Cash and short term deposits are also classified as loans and receivables. Cash and cash equivalents includes cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

##### **b) Impairment of financial assets**

Impairment provisions for current and non-current trade receivables are recognized on a simplified approach within IFRS 9 looking at the probability of recoverability. During this process the probability of the ability of the subsidiaries to repay the loans receivable are assessed. This probability is then multiplied by the amount of the expected recoverability arising from default to determine the lifetime or twelve months expected credit loss for the loans receivables. For loans receivables, which are reporting net, such provisions are recorded in separate provision account with the loss being recognised within cost of sales in the consolidated statement of comprehensive income. On confirmation that the loan receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

##### **c) Financial liabilities**

Other financial liabilities include trade payable, loans and other short-term monetary liabilities. Trade payables and other short-term monetary liabilities are initially recorded at fair value and subsequently carried at amortised cost using the effective interest rate method.

Loans are initially recorded at fair value net of direct issue costs and subsequently carried at amortised cost using the effective interest rate method. Finance charges, including premiums payable on settlement or redemption and direct issue costs are capitalised to inventory.

#### **Taxation**

The Company is liable to UK tax arising on the results of its UK operations.

The tax expense represents the sum of tax currently payable and deferred tax.

##### **Current tax**

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit or loss as reported in the statement of financial income because it excludes items of income and expenditure that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting date.

# **SABINA ESTATES GROUP HOLDINGS LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

### **2. ACCOUNTING POLICIES (CONTINUED)**

#### **Deferred tax**

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised, based on tax rates that have been enacted or substantively enacted at the reporting date. Deferred tax is charged or credited in the statement of comprehensive income, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

#### **Value added tax**

Revenue, expenditure, assets and liabilities are recognised net of the amount of value added tax except:

- where the value added tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the value added tax is recognised as part of the cost of acquisition of the asset or as part of the expenditure item as applicable; and
- receivables and payables that are stated with the amount of value added tax included.

The net amount of value added tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables, as appropriate, in the statement of financial position.

#### **Dividends**

Dividends payable are recognised in the period in which they are declared.

### **3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES**

#### **Judgements**

In the process of applying the Company's accounting policies, management has made the following judgements which have the most significant effect on the amounts recognised in the financial statements.

#### **Impairment to loans**

The Company provides loans to its subsidiary companies that are recognised initially at fair value and subsequently measured at amortised cost less provision for impairment. The assessment of any provision for impairment is based on expected credit losses as outlined in note 2.



# SABINA ESTATES GROUP HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 4. COST OF SALES

	1 January 2019 to 31 December 2019	1 January 2018 to 31 December 2018
	EUR	EUR
Salaries and national insurance	493,546	158,733
Travel expenditure	63,072	51,335
Professional fees	123,162	36,821
Computer costs	61,102	50,609
Aborted deal costs	-	30,204
Bad debt on fee income	-	11,310
	740,882	339,012

Audit fees are borne by the parent company. Included within professional fees is an amount of €5,836 (2018:€6,814) for non-audit services provided by the auditor.

### 5. FINANCE EXPENSE

	1 January 2019 to 31 December 2019	1 January 2018 to 31 December 2018
	EUR	EUR
Loan interest payable	8,285,299	5,871,073
Foreign exchange loss	16,110	10,723
	8,301,409	5,881,796

### 6. PROFIT BEFORE TAX

Profit before tax is stated after the following expenses:

	1 January 2019 to 31 December 2019	1 January 2018 to 31 December 2018
	EUR	EUR
Impairment on loans to subsidiaries	145,449	-

Impairment on loans to subsidiaries have been recognised in the administrative expenses in the statement of comprehensive income and other comprehensive income.

### 7. TAXATION

	1 January 2019 to 31 December 2019	1 January 2018 to 31 December 2018
	EUR	EUR
The tax expense for the year comprises:		
Current taxation	174,592	123,718
Prior year taxation	908	50,663
	175,500	174,381

## SABINA ESTATES GROUP HOLDINGS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### 7. TAXATION (CONTINUED)

The charge of the year can be reconciled to the profit per the statement of comprehensive income as follows:

	<b>1 January 2019 to 31 December 2019 EUR</b>	<b>1 January 2018 to 31 December 2018 EUR</b>
Profit before tax	747,122	412,654
Tax at the UK income tax rate of 19%	141,953	78,404
Expenses not deductible	3,805	10,801
Tax on non trade loan relationships	28,834	34,513
	<b>174,592</b>	<b>123,718</b>

#### 8. INVESTMENT IN SUBSIDIARY

	<b>As at 31 December 2019 EUR</b>	<b>As at 31 December 2018 EUR</b>
Sabina Estates SL	3,000	3,000
	<b>3,000</b>	<b>3,000</b>

Additional information on subsidiaries is provided in note 18.

## SABINA ESTATES GROUP HOLDINGS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### 9. LOANS TO SUBSIDIARIES

		As at 31 December 2019 EUR	As at 31 December 2018 EUR
	Ref		
Sabina Estates, SL	1	1,147,687	1,673,264
Sabina Ibiza Investments, SL	1	2,238,731	2,030,769
Sabina Ibiza Investments, SL	2	50,000	-
Sabina Estates Tarida, SL	1	73,555,339	76,298,018
Sabina Estates Tarida, SL	2	1,000,000	-
Lis Ibiza Investments, SL	1	1,718,411	1,539,483
Lis Ibiza Investments, SL	2	40,000	-
Escloves Real Estate, SL	1	795,822	845,218
Escloves Real Estate, SL	2	130,000	-
Escloves Real Estate, SL – Impairment of loan		(130,000)	-
Ipomea Real Estate, SL	1	-	1,200,000
Misurina Real Estate, SL	1	15,449	26,854
Misurina Real Estate, SL – Impairment of loan		(15,449)	-
		80,545,990	83,613,610

1. Interest is paid quarterly at a rate of 9.7% per annum and the facility is until 10 December 2025.
2. Interest is paid quarterly at a rate of 9.7% per annum plus a variable rate equal to 5% of the EBITDA (Earnings before interest, tax, depreciation and amortisation). The facility is until 6 October 2026.

#### 10. TRADE AND OTHER RECEIVABLES

	As at 31 December 2019 EUR	As at 31 December 2018 EUR
Trade debtors	734,449	342,000
VAT recoverable	20,837	11,493
Credit card deposits	76,384	36,685
Loan interest receivable	624,235	-
Prepayments and other debtors	63,202	75,406
	1,519,107	465,584

# SABINA ESTATES GROUP HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 11. TRADE AND OTHER PAYABLES

	As at 31 December 2019 EUR	As at 31 December 2018 EUR
Interest payable	2,346,108	322,281
Tax and social security payable	6,306	6,530
Corporation tax payable	174,592	124,517
Other creditors and accruals	5,934	5,678
	2,532,940	459,006

### 12. LOANS

	As at 31 December 2019 EUR	As at 31 December 2018 EUR
Listed loan notes:		
Owned by parent company	81,544,520	86,494,520
	81,544,520	86,494,520

On 11 November 2016 the Company entered into a VFN Purchase Deed with its parent company, Sabina Estates Limited, to provide a loan facility for up to €200 million until 10 December 2025.

These loans are unsecured and interest is charged at 8.5% and is payable quarterly in arrears.

The loan notes are listed on The International Stock Exchange.

### 13. SHARE CAPITAL

	As at 31 December 2019 EUR	As at 31 December 2018 EUR
<b>Issued and fully paid</b>		
Ordinary shares of GBP 1	1	1
	<b>Number of shares</b>	<b>Number of shares</b>
Ordinary shares of GBP 1	1	1

On 16 November 2015 1 ordinary share of £1 was issued at par value.

### 14. EQUITY

The following describes the nature and purpose of each component within equity:

Component	Description and purpose
Share capital	The amount subscribed for ordinary share capital at nominal value.
Retained earnings	The amount of any profit or loss for the period after payment of dividend.

# SABINA ESTATES GROUP HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 15. FINANCIAL RISK MANAGEMENT

#### 15.1 Financial risk factors

Financial risks are risks arising from financial instruments to which the Company is exposed during or at the end of the reporting period. Financial risk comprises market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The primary objectives of the financial risk management function are to establish risk limits, and then ensure that exposure to risks stays within these limits.

The Board of Directors has overall responsibility for the determination of the Company's risk management objectives and policies and, whilst retaining ultimate responsibility for them, they have delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Company's management. The Company's overall risk management program seeks to maximise the returns derived from the level of risk to which the Company is exposed and seeks to minimise potential adverse effects on the Company's financial performance.

#### 15.1 Financial risk factors

##### a) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Company's market risks arise from open positions in (a) foreign currencies and (b) interest-bearing assets and liabilities, to the extent that these are exposed to general and specific market movements.

##### (i) Foreign currency risk

The Company has minimal exposure to foreign currency risk as it has no significant financial assets and financial liabilities denominated in currencies other than euro.

##### (ii) Price risk

The Company has no significant exposure to price risk as it does not hold any equity securities or commodities.

##### (iii) Cash flow and fair value interest rate risk

As the Company's interest-bearing assets consist entirely of loans for which the interest rate has been fixed, changes in market interest rates do not have any significant direct effect on the Company's income.

As the Company's interest bearing liabilities consist entirely of loans for which the interest rate has been fixed, changes in market interest rates do not have any significant direct effect on the Company's income.

The average effective interest rates of financial instruments at the date of the statement of financial position, were as follows:

Cash and cash equivalents – 0%

Loans – 8.5%

# SABINA ESTATES GROUP HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 15.1 Financial risk factors (continued)

#### b) Credit risk

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. The Company has no significant concentrations of credit risk. Credit risk arises from cash and short term deposits held at banks and trade receivables.

The Company manages its credit risk by ensuring that cash and short term deposits are only maintained with banks with a suitable credit rating.

The maximum exposure to credit risk is the carrying amount of the financial assets as set out below:

	As at 31 December 2019 EUR	As at 31 December 2018 EUR
Credit card deposits	76,384	36,685
Loans receivable	80,545,990	83,613,610
Trade debtors	734,449	342,000
Loan interest receivable	624,235	-
Cash and cash equivalents	2,452,809	2,751,877
	84,433,867	86,744,172

The fair value of financial assets and financial liabilities at 31 December 2019 approximates their carrying value.

The maximum exposure to credit risk before any credit enhancements at 31 December 2019 is the carrying amount of the financial assets as set out in the statement of financial position.

#### c) Liquidity risk

Liquidity risk is the risk that the Company may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous.

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The Board of Directors its advisers seek to have appropriate credit facilities in place on a project by project basis, either from available cash resources, undrawn loan facilities or from bank facilities.

The Company's liquidity position is monitored on a weekly basis and is reviewed monthly by management along with cash flow forecasts.

# SABINA ESTATES GROUP HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 15. FINANCIAL RISK MANAGEMENT (CONTINUED)

#### 15.1 Financial risk factors (continued)

##### c) Liquidity risk (continued)

At 31 December 2019

Financial assets	On demand EUR	< 1 year EUR	2-5 years EUR	5-10 years EUR	Total EUR
Cash and cash equivalents	2,452,809	-	-	-	2,452,809
Trade and other receivables	1,358,684	76,384	-	-	1,435,068
Loans receivable	-	-	-	80,545,990	80,545,990
	3,832,330	76,384	-	80,545,990	84,433,867

Financial liabilities	On demand EUR	< 1 year EUR	2-5 years EUR	5-10 years EUR	Total EUR
Loans	-	-	-	81,544,520	81,544,520
Interest payable	-	2,346,108	-	-	2,346,108
Other creditors	-	12,240	-	-	12,240
	-	2,358,348	-	81,544,520	83,902,868

At 31 December 2018

Financial assets	On demand EUR	< 1 year EUR	2-5 years EUR	5-10 years EUR	Total EUR
Cash and cash equivalents	2,751,877	-	-	-	2,751,877
Trade and other receivables	342,000	36,883	-	-	378,883
Loans receivable	-	-	-	83,613,610	83,613,610
	3,093,877	36,883	-	83,613,610	86,744,370

Financial liabilities	On demand EUR	< 1 year EUR	2-5 years EUR	5-10 years EUR	Total EUR
Loans	-	-	-	84,494,520	84,494,520
Interest payable	-	322,281	-	-	322,281
Other creditors	-	5,678	-	-	5,678
	-	327,959	-	86,494,520	86,822,479

#### 15.2 Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Company uses the loan facility described in note 11, cash and equity to achieve this.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

# SABINA ESTATES GROUP HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 15.3 Fair value estimation

The fair value of financial instruments traded in active markets is based on quoted market prices at the end of the reporting period. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Company is the current bid price. These instruments are included in level 1. Instruments included in level 1 comprise primarily quoted equity investments classified as trading securities or available-for-sale.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Company for similar financial instruments.

### 16. FINANCIAL INSTRUMENTS

	2019 Fair value	2019 Carrying value	2018 Fair value	2018 Carrying value
Financial assets	EUR	EUR	EUR	EUR
Trade and other receivables	1,435,068	1,435,068	95,982	95,982
Loans receivable	80,545,990	80,545,590	83,613,610	83,613,610
Cash and cash equivalents	2,452,809	2,452,809	27,560,938	27,560,938
	84,433,867	84,433,867	111,174,548	111,174,548

	2019 Fair value	2019 Carrying value	2018 Fair value	2018 Carrying value
Financial liabilities	EUR	EUR	EUR	EUR
Loans	81,544,520	81,544,520	86,494,520	86,494,520
Interest payable	2,346,108	2,346,108	322,281	322,281
	83,890,628	83,890,628	86,816,801	86,816,801



# SABINA ESTATES GROUP HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 17. RELATED PARTY TRANSACTIONS

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation.

Mr Rabbetts received remuneration of £343,566 (€406,095) (2018:£93,450 (€106,113)) and Mr Gray received remuneration of £15,005 (€17,736) (2018:£12,750 (€13,619)) during the year, none of which was outstanding at the year end.

Belasko Administration Limited, the administrator of the Company, is considered to be a related party as two Directors of the Parent Company, Mr Bilton and Mr Hirsch, are shareholders of Belasko Group Limited the parent company of Belasko Administration Limited. No administration fees were charged for the year (2018:€nil) of which none was outstanding at the year end (2018:€nil).

Belasko Corporate Finance Limited ("BCFL"), the Corporate Sponsor for the listing of the loan notes on The International Stock Exchange, is considered to be a related party as it is a wholly owned subsidiary of Belasko Administration Limited and Jonathan Gray is a director of BCFL. Fees of €1,500 (2018: €1,500) were charged for the year of which none was outstanding at the year end (2018: €nil).

### 18. INVESTMENT IN SUBSIDIARY UNDERTAKINGS

The company wholly owns the following subsidiary undertakings:

	County of incorporation	Nature of business	% of ownership
Sabina Estates, SL	Spain	Holding Company	100%
Sabina Ibiza Investments, SL*	Spain	Property owner/developer	100%
Sabina Estates Tarida, SL*	Spain	Property owner/developer	100%
Lis Ibiza Investments, SL*	Spain	Property owner/developer	100%
Escloves Real Estate, SL*	Spain	Property owner/developer	100%
Ipomea Real Estate SL*	Spain	Property owner/developer	100%
Socrota Real Estate SL*	Spain	Property owner/developer	100%
Misurina Real Estate SL*	Spain	Property owner/developer	100%

*\* Indirectly held*

The registered office of Sabina Estates UK limited is 3rd Floor, 1 Ashley Road, Altrincham, Cheshire, WA14 2DT.

The registered office of all the Spanish subsidiaries is Calle del Motril, S/N Sant Josep De Se Talaia 07830 ES.

### 19. CONTROLLING PARTY

The Company is 100% owned by Sabina Estates Limited.

### 20. SUBSEQUENT EVENTS

The impact of COVID-19 following the balance sheet date has been considered in the Directors' report and going concern accounting policy. No other events have been identified between 1 January 2020 and the date the financial statements were approved by the board that would require any disclosure.