



 SUTTON
HARBOUR

SUTTON HARBOUR GROUP PLC

2021
INTERIM REPORT

STRATEGIC REPORT

THE GROUP AT A GLANCE

MARINE

Sutton Harbour currently has capacity for berthing 523 leisure and commercial vessels (as of June 2021 was accommodating 478 vessels) and achieves an increasing, core annual revenue stream in the form of dues, fees and rents from the established fisheries, marinas and property operations.

Marinas

Sutton Harbour Marina for leisure berthing is currently 98% occupied and is trading at capacity. The opportunity to increase revenues will arise as the economy begins to recover from the effects of the Covid pandemic.

The King Point Marina, which opened in 2013, has now transitioned into a mature business with 96% occupancy. The facility has 119 leisure berths with additional berthing taking approximately a third of the total space occupied by Princess Yachts.

Plymouth Fisheries, the trading name of the fishmarket in Plymouth, is recognised as an important fishing port in England.

The Group's subsidiary, Sutton Harbour Company has been trading since 1847 and during this long period of operating the harbour and associated assets have experienced successive economic cycles. This long history serves as a guide to continue to develop the asset for further performance and value growth in the future.

The location of Sutton Harbour, in central Plymouth and adjoining the historic Barbican quarter, has undergone two main phases of regeneration over the past 3 decades. The first phase to unlock the potential of the area was realised when Sutton Lock was installed in 1992 creating a usable depth of water, followed by the relocation of the fishmarket to the eastern side in 1995. In the second phase the development of high quality residential and commercial buildings overlooking the harbour, and improvements to berthing facilities, added to the attractiveness of the area to create a sustainable location for business, leisure and living. The Group is now focused on bringing forward the third phase with new planning applications in preparation which will join the city centre to communities east of the Harbour, a long held aspiration of the City of Plymouth.

REAL ESTATE

This division comprises the rentals from investment properties and is particularly focused on growing its annual income through asset enhancement, including office space, retail and leisure facilities.

The Group has continued to invest in and drive value from its investment portfolio, securing lettings in vacant premises in the Sutton Harbour estate.

The Group has a diverse mix of national and regional businesses as tenants as well as various independent operators. The National Marine Aquarium, a major visitor attraction in the region, is also a tenant. These facilities and operators attract visitors and citizens of Plymouth, strengthening the natural attractiveness, leisure and social enjoyment of the Harbour.

The Group has been active in establishing a business community around the northern side of Sutton Harbour and has been successful in attracting a number of chartered accountants' practices, legal firms and other professional services companies.

CAR PARKING

The Group has two major car parks at Sutton Harbour; a 340 space multi storey close to the National Marine Aquarium and a 51 space surface car park in the Barbican area. Additionally, the Group controls parking on the fishmarket complex, at the marina, around Sutton Harbour and adjoining various tenanted properties.

REGENERATION

This division focuses on development for revenue and capital growth and for value realisation through specific land asset sale.

Sutton Harbour

The Group has established a track record for the delivery of six major regeneration schemes around Sutton Harbour and a further two schemes in other locations elsewhere in the South West. A key feature of all these schemes was working in partnership with other public and private sector bodies. Following the change of majority control of the Group in January 2018, consent has been

achieved for three planning applications for development schemes on Sutton Harbour. These schemes include a 14 unit apartment building (Harbour Arch Quay), the iconic Sugar Quay tower, with 170 units, both with retail/office space incorporated facing the harbour and the extension to an existing multi storey car park owned by the Group is also approved, to be implemented along with Sugar Quay.

The Group has also been working with the Local Planning Authority to build two significant residential complexes on Sutton Road which will facilitate improved east west linkage across Sutton Harbour joining the city centre and existing easterly residential areas.

The Harbour Arch Quay development twelve month build programme is due to start in summer 2021.

Former Airport Site

In 2000, the Group purchased Plymouth City Airport Limited and a long lease of the regional airport site from Plymouth City Council. The Group also owns some freehold land on the 113 acre site. In 2003 the Group set up and operated the regional airline, Air Southwest which was subsequently sold in November 2010 to Eastern Airways International Limited (Eastern Airways). On 28 July 2011 Air Southwest (under the ownership of Eastern Airways) ceased flights in and out of Plymouth City Airport.

Plymouth City Council agreed to the closure of the former airport as of 23 December 2011, due to withdrawal of flight services and unsustainable losses. In March 2019, Plymouth City Council produced a new local plan which was scrutinised at public hearings and by Government Planning Inspectors. The plan was accepted together with the Council's proposal to safeguard the former airport site for aviation operations limited to five years. Accordingly the Group is working towards options for the site and developing a masterplan. This strategic asset will either be redeveloped for a range of urban uses or re-opened as an airport, but in either case the intrinsic value of the asset is represented by its potential urban uses.

GOVERNANCE

DIRECTORS AND ADVISORS

Company Number

2425189

Directors

Philip H. Beinhaker (Executive Chairman)
Corey B. Beinhaker (Executive Director and Chief Operating Officer)
Natasha C. Gadsdon (Finance Director)
Graham S. Miller (Non-Executive Director)
Sean J. Swales (Non-Executive Director)

Secretary

Natasha C. Gadsdon

Registered Office

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CONTENTS

Interim financial statements for the six month period to September 2021

2	Executive Chairman's Statement
6	Consolidated Statement of Comprehensive Income
7	Consolidated Balance Sheet
8	Consolidated Statement of Changes in Equity
9	Consolidated Cash Flow Statement
10	Notes to Interim Report

STRATEGIC REPORT

EXECUTIVE CHAIRMAN'S REPORT

RESULTS AND FINANCIAL POSITION

Profit before taxation for the six month period to 30 September 2021 was £0.327m compared to £0.058m for the comparative period to 30 September 2020 and £0.281m for the period to 30 September 2019. This demonstrates strong recovery by the Company since the disruption caused by three national lockdowns ordered by the UK Government to contain the spread of Covid-19 during our trading year to 31 March 2021.

As at 30 September 2021, net assets were £50.835m (39.1pence per share), up from £47.153m (40.7pence per share) at 31 March 2021. The increase reflects the issuance of 14 million new ordinary shares which raised £3.5m of new equity capital in August 2021. There has been no revaluation of assets during the reporting period, with the next external independent valuation due to be undertaken at the financial year end.

Net Debt has fallen to £24.905m, £1.969m less than the position at 31 March 2021 of £26,874 net debt. Debt reduced following the equity raise in August 2021, however purchase of some strategic land, ongoing costs associated with active development projects and autumn being a lower point in the Group's annual cash cycle (as rents and berthing fee receipts peak between November and April) have utilised some of the funds raised. As at 30 September 2021 gearing stood at 49.0% down from 57.0% as at 31 March 2021.

TRADING REPORT

The Group's trading businesses have proved resilient during the first half year with marina berthing revenues up 19% on the previous year, despite no increase in prices, car park revenues back to 2019 levels and rent incomes restored with agreed deferred payments being honoured. Trading at Plymouth Fisheries has continued to be slow and slightly trailing its pre- Covid level.

The exceptional growth in marina revenues results from the capacity occupation at Sutton Harbour Marina and 95% occupation at King Point Marina. Leisure boating in the UK has

experienced a resurgence in popularity since the Covid crisis and the current outlook for this sector remains robust. Some minor alterations will be made to some berths at King Point Marina over the coming winter to accommodate the larger vessels of boat-owners currently on our waiting list.

Trading at the car parks was re-established quickly during the first quarter and continued strongly throughout the second quarter as the area attracted good visitor footfall and local bars, restaurants and other attractions were visibly busy.

Performance of the investment property estate has remained steady, with little vacant space to let. The lease of Old Barbican Market to Edinburgh Woollen Mill expired in May 2021 and the Group recovered vacant possession of the building. Planning consent has now been granted to partition the 7,500 sq ft floorplate into three 2,500 sq ft units, two of which are already reserved to national covenant tenants. The 3rd unit is being actively marketed. Overall, once fully let, the property will achieve c. 50% more rent than under the previous tenancy. During the first half year the Group sold a small investment property, which was not regarded as a part of the core Sutton Harbour estate, at a profit.

The slowing trend in landings at Plymouth Fisheries has been consistent for a few years. With the current Fisheries Complex now 27 years old, the Group is working together with Plymouth City Council and other stakeholders on a plan to gain public funding for a modern Fishery Complex better suited to the needs of the industry now and into the future.

REGENERATION

The Group is pleased to report that it has started the preliminary site works on the 14 apartment Harbour Arch Quay scheme. The year-long construction programme will commence in January 2022 with marketing of the apartments to start early in the New Year. The building is financed by separate lending secured on the development with part to be funded from the recent equity raise. The Group has submitted

variations to the original plans for both the Sugar Quay and Sutton Road East residential schemes, which between them will provide c. 300 new homes, for planning determination in early 2022. Changes to the Sutton Road East design followed the acquisition of an adjoining site in September 2021 which allowed improvements to pedestrian and vehicular access and circulation through the development.

SUMMARY AND OUTLOOK

With the staged relaxation of UK Government imposed measures to manage the Covid pandemic, the Group has accelerated its efforts to start its first development project around Sutton Harbour in over a decade. During the first half year, the Group has made encouraging progress with its trading business activities and with the pipeline of development projects which it now intends to bring forward in accordance with its strategic vision. The Board was delighted to see the broad base of shareholders who participated in the recent 'Open Offer' equity raise.

PHILIP BEINHAKER EXECUTIVE CHAIRMAN



Consolidated Statement of Comprehensive Income

		6 months to 30 September 2021 (unaudited) £000	6 months to 30 September 2020 (unaudited) £000	Year Ended 31 March 2021 (audited) £000
	Note			
Revenue	3	3,854	2,873	5,400
Cost of sales		(2,436)	(1,874)	(3,638)
Gross profit		1,409	999	1,762
Fair value adjustment on fixed assets and investment property		-	-	(2,211)
Administrative expenses		(731)	(547)	(1,171)
Operating profit from continuing operations	3	678	452	(1,620)
Finance income		-	-	-
Finance expense		(351)	(394)	(753)
Net finance costs		(351)	(394)	(753)
Profit before tax from continuing operations	3	327	58	(2,373)
Taxation credit on profit from continuing operations	4	(62)	-	198
Profit from continuing operations		265	58	(2,175)
Basic profit/earnings per share	6	0.22p	0.02p	(1.88p)
Diluted profit/earnings per share	6	0.22p	0.02p	(1.88p)
		6 months to 30 September 2021 (unaudited) £000	6 months to 30 September 2020 (unaudited) £000	Year Ended 31 March 2021 (audited) £000
Profit from continuing operations		265	58	(2,175)
Other comprehensive income/(expenses)				
Continuing operations:				
Revaluation of property, plant and equipment		-	-	3,245
Deferred taxation on income and expenses recognised directly in the consolidated statement of comprehensive income		-	-	-
Effective portion of changes in fair value of cash flow hedges		-	-	-
Total other comprehensive income		-	-	3,245
Total comprehensive income for the period attributable to equity shareholders		265	58	1,070



Consolidated Balance Sheet

		As at 30 September 2021 (unaudited) £000	As at 30 September 2020 (unaudited) £000	As at 31 March 2021 (audited) £000
Non-current assets				
Property, plant and equipment	7	29,680	27,694	29,766
Investment property	7	17,622	18,989	17,845
Inventories	7	13,151	12,878	12,962
		60,453	59,561	60,573
Current assets				
Inventories		17,372	12,748	16,359
Trade and other receivables		1,846	2,363	2,396
Cash and cash equivalents	8	528	177	928
Tax recoverable		-	-	6
		19,746	15,288	19,689
Total assets	3	80,199	74,849	80,262
Current liabilities				
Trade and other payables		1,118	1,098	1,730
Finance lease liabilities		48	62	141
Deferred income		1,111	936	1,819
Provisions	9	-	63	56
		2,277	2,159	3,746
Non-current liabilities				
Other interest-bearing loans and borrowings		25,175	24,250	27,475
Finance lease liabilities		210	337	186
Deferred government grants		646	646	646
Deferred tax liabilities		1,056	1,255	1,057
Provisions	9	-	62	-
		27,087	26,550	29,363
Total liabilities	3	29,364	28,709	33,109
Net assets		50,835	46,140	47,153
Issued capital and reserves attributable to owners of the parent				
Share capital		16,406	16,266	16,266
Share premium		13,972	10,695	10,695
Other reserves		16,280	13,034	16,280
Retained earnings		4,177	6,145	3,912
Total equity		50,835	46,140	47,153



Consolidated Statement of Changes in Equity

	Share capital	Share premium	Revaluation reserve	Merger reserve	Hedging reserve	Retained earnings	Total equity
	£000	£000	£000	Other reserves £000	£000	£000	£000
Balance at 1 April 2021	16,266	10,695	12,409	3,871	-	3,912	47,153
Comprehensive income/(expense)							
Issue of Shares	140	3,277					3,417
Profit for the period	-	-	-	-	-	265	265
Total comprehensive income/(expense) 6 month period ended 30 September 2021	140	3,277	-	-	-	265	3,682
Balance at 30 September 2021	16,406	13,972	12,409	3,871	-	4,177	50,835
Balance at 1 April 2020	16,266	10,695	9,163	3,871	-	6,087	46,082
Comprehensive income/(expense)							
Profit for the period	-	-	-	-	-	58	58
Other comprehensive income/(expense)							
Total comprehensive income/(expense) 6 month period ended 30 September 2020	-	-	-	-	-	58	58
Balance at 30 September 2020	16,266	10,695	9,163	3,871	-	6,145	46,140
Balance at 1 October 2020	16,266	10,695	9,163	3,871	-	6,145	46,140
Comprehensive income/(expense)							
Profit for the period	-	-	-	-	-	(2,233)	(2,233)
Other comprehensive income/(expense)							
Revaluation of property, plant and equipment	-	-	3,246	-	-	-	3,246
Total comprehensive income/(expense) 6 month period ended 31 March 2021	-	-	3,246	-	-	(2,233)	1,013
Balance at 31 March 2021	16,266	10,695	12,409	3,871	-	3,912	47,153



Consolidated Cash Flow Statement

		6 months to 30 September 2021 (unaudited) £000	6 months to 30 September 2020 (unaudited) £000	Year End 31 March 2021 (audited) £000
Cash generated from total operating activities	10	(1,237)	(599)	(2,536)
Cash flows from investing activities				
Net expenditure on investment property		(12)	(4)	(10)
Expenditure on property, plant and equipment		(109)	75	(161)
Proceeds from sale of plant and equipment		206	-	-
Net cash used in investing activities		139	71	(171)
Cash flows from financing activities				
Proceeds from sale of shares		3,500	-	-
Expenses of share issuance		(83)	-	-
Interest paid		(351)	(396)	(754)
Loan drawdowns/(repayment of borrowings)		(2,300)	309	3,225
Net finance lease (payments)/receipts		(69)	-	372
Net cash generated from financing activities		697	(87)	2,843
Net increase/(decrease) in cash and cash equivalents		(401)	(615)	136
Cash and cash equivalents at beginning of period		928	792	792
Cash and cash equivalents at end of period	8	527	177	928

I. General information

This consolidated interim financial information does not comprise statutory accounts within the meaning of section 434 of the Companies Act 2006. Statutory accounts for the year ended 31 March 2021 were approved by the Board of Directors on 5 July 2021 and delivered to the Registrar of Companies. The report of the auditors on those accounts was unqualified and did not contain any statement under section 498 of the Companies Act 2006.

Copies of the Group's financial statements are available from the Company's registered office, Sutton Harbour Office, Guy's Quay, Sutton Harbour, Plymouth, PL4 0ES and on the Company's website www.sutton-harbour.co.uk.

This consolidated interim financial information has not been audited.

2. Basis of preparation

The consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 March 2021, which have been prepared in accordance with International Financial Reporting Standards (IFRS) and International Financial Reporting Interpretation Committee (IFRIC) interpretations as endorsed by the European Union, and those parts of the Companies Acts 2006 as applicable to companies reporting under IFRS.

Accounting policies

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 31 March 2021, as described in those annual financial statements.

Accounting estimates and judgements

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

3. Segment information

Management has determined the operating segments based on the reports reviewed by the Board of Directors that are used to make strategic decisions.

The Board of Directors considers the business from an operational perspective as having only one geographical segment, with all operations being carried out in the United Kingdom.

The Board of Directors considers the performance of the operating segments using operating profit. The segment information provided to the Board of Directors for the reportable segments for the period ended 30 September 2021 is as follows:

6 months to 30 September 2021	Marine £000	Real Estate £000	Car Parking £000	Regeneration £000	Total £000
Revenue	2,648	776	421	-	3,845
Gross profit prior to non-recurring items	726	559	235	(111)	1,409
Segmental Operating Profit before fair value adjustment and unallocated expenses	726	559	235	(111)	1,409
Fair value adjustment on fixed assets and investment property assets	-	-	-	-	-
Unallocated:					
Administrative expenses					(731)
Operating profit from continuing operations					678
Financial income					-
Financial expense					(351)
Profit before tax from continuing operations					327
Taxation					(62)
Profit for the year from continuing operations					265
Depreciation charge					
Marine					171
Car Parking					9
Administration					13
					193



Notes to Interim Report

3. Segment Information (continued)

6 months to 30 September 2020	Marine £000	Real Estate £000	Car Parking £000	Regeneration £000	Total £000
Revenue	1,969	676	228	-	2,873
Gross profit prior to non-recurring items	561	448	100	(110)	999
Segmental Operating Profit before fair value adjustment and unallocated expenses	561	448	100	(110)	999
Fair value adjustment on fixed assets and investment property assets	-	-	-	-	-
Unallocated: Administrative expenses					(547)
Operating profit from continuing operations					452
Financial income					-
Financial expense					(394)
Loss before tax from continuing operations					58
Taxation					-
Loss for the year from continuing operations					58
Depreciation charge					
Marine					168
Car Parking					11
Administration					11
					190
Year ended 31 March 2021	Marine £000	Real Estate £000	Car Parking £000	Regeneration £000	Total £000
Revenue	3,509	1,542	349	-	5,400
Gross profit prior to non-recurring items	770	1,020	110	(138)	1,762
Segmental Operating Profit before fair value adjustment and unallocated expenses	770	1,020	110	(138)	1,762
Fair value adjustment on fixed assets and investment property assets	(1,061)	(1,150)	-	-	(2,211)
					(449)
Unallocated: Administrative expenses					(1,171)
Operating profit from continuing operations					(1,620)
Financial income					-
Financial expense					(753)
Profit before tax from continuing operations					(2,373)
Taxation					198
Profit for the year from continuing operations					(2,175)
Depreciation charge					
Marine					336
Car Parking					31
Administration					32
					399



Notes to Interim Report

	30 September 2021 £000	30 September 2020 £000	31 March 2021 £000
Segment assets:			
Marine	25,565	23,304	25,846
Real Estate	18,740	19,660	18,715
Car Parking	4,954	5,323	4,861
Regeneration	30,029	25,746	29,343
Total segment assets	79,288	74,033	78,765
Unallocated assets:			
Property, plant & equipment	77	83	70
Trade & other receivables	306	556	499
Cash & cash equivalents	528	177	928
Total assets	80,199	74,849	80,262

	30 September 2021 £000	30 September 2020 £000	31 March 2021 £000
Segment liabilities:			
Marine	1,312	1,184	2,062
Real Estate	429	560	689
Car Parking	93	90	19
Regeneration	823	823	1,142
Total segment liabilities	2,657	2,657	3,912
Unallocated liabilities:			
Bank overdraft & borrowings	25,433	24,649	27,802
Trade & other payables	154	148	337
Financial Derivatives	-	-	-
Tax payable	62	-	1
Deferred tax liabilities	1,058	1,255	1,256
Total liabilities	29,364	28,709	33,308

Unallocated assets included in total assets and unallocated liabilities included in total liabilities are not split between segments as these items are centrally managed.

4. Taxation

The Company has applied an effective tax rate of 19% (2020: 19%) based on management's best estimate of the tax rate expected for the full financial year and is reflected in a movement in deferred tax.

5. Dividends

The Board of Directors do not propose an interim dividend (2020: nil).

6. Earnings per share

	6 months to 30 September 2021 (unaudited) pence	6 months to 30 September 2020 (unaudited) pence	Year End 31 March 2021 (audited) pence
Continuing operations			
Basic earnings per share	0.22p	0.02p	(1.88p)
Diluted earnings per share*	0.22p	0.02p	(1.88p)

Basic Earnings per Share:

Basic earnings per share have been calculated using the profit for the period of £265,000 (2020: profit £58,000, year ended 31 March 2020 loss £2,175,000). The average number of ordinary shares in issue, excluding those options granted under the SAYE scheme, of 120,534,234 (2020: 115,944,071; year ended 31 March 2021: 115,944,071) has been used in our calculation.

Diluted Earnings per Share:

Diluted earnings per share uses a weighted average number of 120,765,411 (2020: 116,100,126; year ended 31 March 2021: 116,130,728) ordinary shares after adjusting for the effects of share options in issue: 242,063 ordinary shares (2020: 102,273; 31 March 2021: 218,063)

7. Property valuation

Freehold land and buildings and investment property have been independently valued by Jones Lang LaSalle as at 31 January 2021, in accordance with the Practice Statements in the Valuations Standards (The Red Book) published by the Royal Institution of Chartered Surveyors.

A further valuation will be commissioned for the year ending 31 March 2022, as in previous years.

8. Cash and cash equivalents

	As at 30 September 2021 (unaudited) £000	As at 30 September 2020 (unaudited) £000	As at 31 March 2021 (audited) £000
Cash and cash equivalents per balance sheet and cash flow statement	527	177	928

9. Provisions

	Onerous leases £000	Total £000
Balance at 1 April 2020	99	99
Provisions utilised	26	26
Balance at 30 September 2020	125	125
Provisions made	-	-
Provisions utilised	(69)	(69)
Balance at 31 March 2021	56	56
Provisions made	-	-
Provisions utilised	(56)	(56)
Balance at 30 September 2021	-	-



Notes to Interim Report

10. Cash flow statements

	6 months to 30 September 2021 (unaudited) £000	6 months to 30 September 2020 (unaudited) £000	Year End 31 March 2021 (audited) £000
Cash flows from operating activities			
Profit/(loss) for the period	265	58	(2,373)
Adjustments for:			
Taxation	-	-	-
Financial income	-	-	-
Financial expense	351	396	753
Fair value adjustment on fixed assets and investment property	-	-	2,211
Depreciation	193	190	399
Amortisation of grants	-	-	-
Profit/loss on sale of property, plant and equipment	(24)	-	3
Cash generated from operations before changes in working capital and provisions	785	644	933
Increase in inventories	(1,202)	(599)	(4,294)
Decrease/(increase) in trade and other receivables	556	234	199
(Decrease)/increase in trade and other payables	(612)	(236)	334
Decrease in deferred income	(708)	(607)	275
(Decrease)/increase in provisions	(56)	(35)	(43)
Cash generated from operations	(1,237)	(599)	(2,536)