



**‘Marine, waterfront regeneration and destination specialists’**

**Preliminary Announcement  
of Results for Year Ended  
31 March 2014**

**June 2014**

Graham Miller – Chairman  
Jason Schofield – Chief Executive  
Natasha Gadsdon – Finance Director





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# Year Ended 31 March 2014 Highlights

## Summary

- Continued clear focus on waterfront destinations and marine operations
- Solid performance from the operating businesses
- Increasing revenue trend in real estate business throughout the year (4 new lettings plus pipeline)
- Good progress made with the 'Vision' framework for development

## Financial Highlights

PBT: £0.265m pre tax profit (2013: £3.679m pre tax loss)

Adjusted (excl. adj.) £0.308m\* (2013: £0.725m)

\*In line with market expectations

NAV: up 2.0p to 40.0p per share (31 March 2013: 38.0p)

Debt: £20.2m, 52.5% geared, £1.8m facility headroom

## Operational Highlights

- King Point Marina opened and trading well
- Sale of 1 acre land adjacent to former airport
- Progress with masterplan for former airport site
- Marketing of the 'Vision' underway



# Events during the second half year and post year end



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- Oct 2013 First boats arrive at King Point Marina
- Jan 2014 4<sup>th</sup> floor Salt Quay letting
- Jan 2014 Restaurant letting at King Point Marina
- Jan-Feb 2014 Severe storm conditions
- Feb 2014 Publication of reports evidencing unsuitability of FAS site for aviation
- March 2014 Sale of one acre land in Derriford (FAS)
- March 2014 Revised rating assessments received for both the harbour and former airport site
- June 2014 Restaurant at King Point Marina opens
- June 2014 'La Solitaire du Figaro' yacht race hosted by Sutton Harbour Marina
- June 2014 Contracts for ice plant and lock walkways



# Company strategy overview

## Current priorities

- **Maintaining core ‘annuity’ revenues**
  - two year infrastructure renewal plan
  - maintain competitive position
  - increase operating capacity at fishmarket
- **Growing revenues**
  - business to mature at King Point Marina
  - increasing marina, car parks & property occupancy
- **Improve earnings**
  - cut debt through sale of development inventory
  - reduce utility costs through investment
- **Create opportunities**
  - pre-planning work to enable marketing of specific sites to targeted occupiers
  - ‘Vision’ framework for Sutton Harbour to bring new uses and establish as recognised destination



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# Results

## Income Statement



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- Cost of sales
  - Includes onerous lease provision £354k
  - Net re-rating assessment cost £22k
- Administrative costs
  - Underlying increase due to additional real estate professional costs
  - Offset by reclassification of bank charges to 'Net finance costs', c.£120k impact
- Taxation credit
  - Reduced deferred tax provision
  - No current year taxation due
- PBT (adjusted)
  - Reduced Regeneration profit -£169k
  - Additional professional costs c.-£120k
  - No 'other gains' £-69k
  - Other variances absorbed

Summary Income Statement	31 March 2014 £000	31 March 2013 £000
Revenue	7,045	7,039
Cost of sales	(4,908)	(5,297)
Gross Profit	2,137	1,742
Administrative expenses	(1,324)	(1,329)
Fair value adjustments	311	(3,426)
Operating profit / (loss)	1,124	(3,013)
Other gains and losses	-	69
Net finance costs	(859)	(735)
Profit / (loss) before tax	265	(3,679)
Taxation credit	1,058	830
Profit / (loss) after tax	1,323	2,849
PBT excluding adjustments for valuation, impairment, provisions	<b>308</b>	<b>725</b>
Earnings/ (loss) per share	<b>1.37p</b>	<b>(2.96p)</b>



# Results

## Balance sheet

- Non current assets
  - Land/property at independent valuation by Jones Lang LaSalle
  - King Point Marina valued at cost
- Bank
  - Major capital outflow - £2.4m KP Marina and Sutton Harbour Marina improvements
- Deferred tax
  - Tax rate re-measurement to 20%
  - Revisions to group loss relief
  - Reassessment of buildings cost
- Derivatives
  - Financial liability arising from LIBOR swap
- Net assets per share
  - Valuation effect: 1.35p per share increase

Summary Balance Sheet	31 March 2014 £000	31 March 2013 £000
Non-current assets	42,679	39,137
Current assets		
- Inventories	19,688	19,459
- Trade and other debtors	1,572	1,092
Liabilities		
- Bank	(20,225)	(17,355)
- Deferred income	(1,431)	(1,353)
- Provisions	(210)	(100)
- Deferred tax	(1,330)	(2,014)
- Trade and other creditors	(1,369)	(1,426)
- Government grants	(688)	(696)
- Derivatives	(132)	(182)
<b>Net assets</b>	<b>38,554</b>	<b>36,562</b>
<b>Net assets per share</b>	<b>40.0p</b>	<b>38.0p</b>



# Results

## Cash position and banking

- Outlook
  - Stable trading
  - Land sales debtor due H2, £300,000
  - Rates creditor by instalments
- Infrastructure Programme
  - New ice plant, lock walkways, metered power, chiller improvements
  - £1.2m expenditure programme
  - c.£0.5m grant funding
  - c.£0.5m asset financing

### Bank Facility (RBS)

- Net debt £20.2m at 31 March 2014
- £1.8m headroom on current facility (£22m)
- Further £500,000 available by December 2014
- £500,000 plant renewal financing available
- LIBOR swap on £15m at 145bps until June 2016
- Gearing 52.5% at 31 March 2014
- Facility expires June 2016
- All covenants met in year

<b>Analysis of cash flows</b>	<b>YE 31 March 2014</b>
Opening position	(£17.4m)
Movement	(£2.8m)
Closing position	(£20.2m)
<b>Cash Flow Highlights</b>	
Net trading	£1.0m
King Point Marina and SH Marina extension	(£2.4m)
Airport planning costs	(£0.2m)
Other property/capital	(£0.2m)
Interest and bank fees	(£1.0m)
Movement	(£2.8m)
Further capital outflow Re King Point Marina	(£0.7m)



# Results

## Segmental performance

### •Real estate

- Improved revenue driven by new tenants
- Includes recovery of airport rates, £257k

### •Car parking

- Improving revenue and contributions.
- Costs covered of new car park management arrangements

### •Regeneration activity

- Sale of 1 acre adjacent to former airport site which has planning consent for a care home

### •Marine

- Includes new rating assessment of £279,000
- Start-up losses at King Point Marina of £20k
- Underlying stability of segment

	2014 £000	2013 £000
<b>Real Estate</b>		
- Annual (net of costs)	1,040	795
- Impairment/provisions	(354)	(340)
- Valuation	311	(3,426)
Total segment result	<b>997</b>	<b>(2,971)</b>
<b>Car Parking</b>		
Total segment result	<b>258</b>	<b>239</b>
<b>Regeneration</b>		
- Profit on sale	169	338
- Impairment of inventories	-	(638)
Total segment result	<b>169</b>	<b>(300)</b>
<b>Marine</b>		
Total segment result	<b>1,024</b>	<b>1,348</b>
<b>Core trading total</b>	<b>2,448</b>	<b>(1,684)</b>
<b>Total excluding revaluation , impairment and provisions</b>	<b>2,591</b>	<b>2,720</b>



# Property and regeneration

## The investment portfolio



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- North Quay House
  - Ground floor re-let during year
  - HoT agreed post YE for vacant 3<sup>rd</sup> floor
- Barbican Market Estate
  - Major improvement to one prominent unit at tenant's expense
- Lockyers Quay
  - Whitbread/Premier Inn brands
  - NMA sub-tenant 'Rockfish Sutton Harbour'
- Fishmarket merchants units
  - Improving market sentiment for light industrial space
- Other
  - Increased occupancy and improving number of enquiries

Investment Portfolio £000 At valuation	31 March 2014	31 March 2013
North Quay House	3,200	3,085
Barbican Market estate	2,300	2,150
Lockyers/NMA estate	3,600	3,270
Fishmarket merchant units	1,475	1,380
Other	5,000	5,336
	<b>15,575</b>	<b>15,221</b>
Valuer	JLL	DTZ

Investment KPIs		
Net initial yield	8.90%	9.12%
Reversionary yield	10.56%	10.84%
Occupancy rate	85.70%	85.20%
ERV vacant units	£250,000	£248,000
Average, unexpired lease	9.90 yrs	9.90 yrs



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# Property and regeneration

## The owner-occupied portfolio

- Sutton Harbour Marinas/Fisheries
  - Uniformity of approach with single valuer across marine activity operating assets
  - Decline in H2 valuation at 31 March 2014 after harbour rates increase of c. £50,000 pa
- Car Parks
  - Continued improving trend & growth potential
  - Gross revenues up 7.7% on previous year
  - Extended car park opening hours and new payment technologies introduced
  - Strong potential for future growth as 'Vision' for Sutton Harbour takes shape
- King Point Marina
  - Held at cost at 31 March 2014, whilst not fully complete. Further costs to complete full facility estimated at £703,000.

	<b>31 March 2014 £000</b>	<b>30 Sept 2013 £000</b>	<b>31 March 2013 £000</b>
<b>Owner Occupied Portfolio – at valuation</b>			
SH Marinas	14,150	15,650	14,024
Fish Market	5,350	5,400	5,150
Car parks	3,400	3,200	2,567
	<b>22,900</b>	<b>24,250</b>	<b>21,741</b>
Valuer	JLL	JLL	DTZ/LSH
<b>Asset in the course of construction - at cost</b>			
King Point Marina	3,769	2,978	1,740

# Property and regeneration

## Current project inventory

- Sites around Sutton Harbour
  - East Quay, Salt Quay II, North Quay II, Vauxhall Quay and Harbour public realm area
  - Proactive marketing of East Quay site to targeted occupier(s)
- Portland
  - Value in leasehold pockets and IP
- Former Airport Site (113 acres)
  - Planning policy vacuum whilst new Plymouth Plan formulated
  - Competition for retail uses in the area
  - Options for Company are full planning application or realisation of interest
  - 25% share of net proceeds expected to exceed carrying value of inventory asset

Trading property stock	30 Sept 2014 £000	31 March 2013 £000
Sites around Sutton Harbour	7,687	7,482
Portland	406	405
Former Airport Site	11,508	11,476
	<b>19,601</b>	<b>19,363</b>



# Marinas

## Sutton Harbour and King Point



2014/15 season	Sutton Harbour	King Point
No of berths/metres	462 berths / 4203m	81 berths / 909m
Current Occupancy Berths % / Metres %	82% / 85%	52% / 58%
No of Annual Berths taken	380	42
95% Revenue potential (Annual Berths)	c.£1.25m	c.£0.32m (909m) c.£0.55m (1,563m)
Notes	<ul style="list-style-type: none"> <li>• Mature facility</li> <li>• Lock protection</li> <li>• Choice of service</li> <li>• Events hosting</li> </ul>	<ul style="list-style-type: none"> <li>• 1<sup>st</sup> full season</li> <li>• Modern facility</li> <li>• Flexible space</li> <li>• Another 90 berths</li> </ul>

# New Projects

## 'Vision' Sutton Harbour



- Objective
  - Creation of a destination of national significance
- Strategy
  - Architect designed framework to demonstrate the potential of key sites
  - Strategic targeting of specific potential tenants
  - Funding to follow pre-lets / developer contracts
- Timescale
  - 5 -10 year programme, but with focus on 2020, 400<sup>th</sup> 'Mayflower' anniversary
- Outcome
  - c. £75m Gross Development Value (GDV) development opportunities



# Summary and Outlook



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- Focus on core “annuity” businesses with further scope for growth
- Development opportunities to realise “Vision for Sutton Harbour” well in hand
- Realisation of Former Airport Site would transform financial position
- Infrastructure renewal programme to underpin competitive position
- New lettings and increasing demand from:
  - 1) corporate and professional services tenants
  - 2) high quality retail and F&B operators
- Clear shareholder value creation plan





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