



SUTTON
HARBOUR
HOLDINGS PLC

Marine Operations and Waterfront Destination Specialist



**Preliminary Announcement
of Results for Year Ended
31 March 2015**

June 2015

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

Sutton Harbour Holdings plc

Key facts



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- Marine Operations and Waterfront Destination Specialist
 - 543 berths in two marina locations
 - Plymouth Fisheries (2nd largest in England)
 - 391 public car park spaces
 - 144,533 sq ft of commercial investment property
- AIM Listed since 1996
- Based in Plymouth, Devon
- Asset backed with £45m property portfolio
- 'Vision' for Sutton Harbour
 - Creation of a destination of national significance through delivery of c.£75m regeneration over 5-10 years

Net Asset Value

£40.459m

Revenue

£6.955m

PBT
£0.861m

No. of
Employees
40

Bank Facility

£22.5m

Gearing

53.0%

Market
Capitalisation
£30.8m (32p)

NAV discount
24% (32p)

Year Ended 31 March 2015 Highlights

Financial Highlights	31 March 2015	31 March 2014
Profit before tax	£0.861m	£0.265m
Profit before tax (excluding revaluation, impairment, provisions)	£0.347m	£0.308m
Net Assets	£40.459m	£38.554m
Net Asset Value per share	42.0p	40.0p
Net Debt	£21.458m	£20.225m
Gearing	53.0%	52.5%



Achievements during the year:

- Further lettings increasing occupancy rate to 93.3% (2014:86.4%)
- Record landings at Plymouth Fisheries, £19.4m value
- Grant supported infrastructure programme underway
- Car parking revenues up 12.8% (10.3% 4 year CAGR) after strategic changes
- First complete operating season at King Point Marina
- Detailed planning consent for 'Boardwalk' scheme at Vauxhall Quay received



2014/15 key events to date



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June 2014	Restaurant at King Point Marina opens
June 2014	'La Solitaire du Figaro' yacht race hosted by Sutton Harbour Marina
July 2014	Launch of 'Vision for Sutton Harbour'
Aug 2014	Rame Energy plc takes occupation of 3 rd floor of North Quay House
Oct 2014	Record month for landings at Plymouth Fisheries contributed to record fisheries year
Nov 2014	Lease assignment of Vauxhall Quay to 'The Stable'
Feb 2015	New ice plant operational
March 2015	Announcement in Budget that new government-commissioned report into viability of Plymouth Airport to be undertaken in 2015
April 2015	Letting of Jamaica House to Boston Tea Party completed



Company strategy overview

Current priorities



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- Realisation of development inventory
 - representations to Plymouth Plan process to position the development potential of the former airport site
 - new indicative scheme designs for East Quay
 - 'Vision' document shows potential for other Sutton Harbour sites
- Targeted investment into infrastructure
 - new ice plant facility complete (30t per day)
 - new lock walkways installed
 - chill chain project starts summer 2015
- Operational change to grow revenue
 - parking payment strategies introduced
 - power metering equipment
 - WiFi and software management upgrades
- Funding for revenue and asset growth building



Results

Income Statement



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- Revenue
-Excluding Regeneration £6.955m (2014: £6.615m)
- Impairment, Onerous leases
2015: King Point Marina £303k, Airport equipment £100k
2014: Salt Quay House onerous lease provision £354k
- Costs
- Reclassification of some costs to CoS
- Finance expenses
- Reflecting slightly increased debt level
- Net of capitalisation of £122,000

Summary Income Statement	31 Mar 2015 £000	31 Mar 2014 £000
Revenue	6,955	7,045
Cost of sales	(4,528)	(4,554)
Impairments, Onerous leases	(403)	(354)
Gross Profit	2,024	2,137
Administrative expenses	(1,153)	(1,324)
Fair value adjustments	917	311
Operating profit	1,788	1,124
Net finance costs	(927)	(859)
Profit before tax	861	265
Taxation (charge)/credit	(206)	1,058
Profit after tax	655	1,323
PBT excluding adj. for valuation, impairment, provisions	347	308
Earnings per share	0.68p	1.37p

Results

Balance sheet



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- Non current assets
 - Land/property - independent valuation by Jones Lang LaSalle
 - King Point Marina, an immature trading asset, held at 'value in use'
- Trade and other debtors
Lower trade debtors offset by prepaid costs
- Bank
 - Asset creation, infrastructure and planning
- Government grants
 - Match funding received towards ice plant and lock walkways
- Derivatives
 - Financial liability arising from LIBOR swap
- Net assets per share (excluding KPM)
 - Valuation effect: 2.27p per share increase

Summary Balance Sheet	31 Mch 2015 £000	31 Mch 2014 £000
Non-current assets	46,084	42,679
Current assets		
- Inventories	19,894	19,688
- Trade and other debtors	1,544	1,572
Liabilities		
- Bank and finance leases	(21,458)	(20,225)
- Deferred income	(1,504)	(1,431)
- Provisions	(177)	(210)
- Deferred tax	(1,536)	(1,330)
- Trade and other creditors	(1,241)	(1,369)
- Government grants	(994)	(688)
- Derivatives	(153)	(132)
Net assets	40,459	38,554
Net assets per share	42.0p	40.0p



Results

Cash position and banking

- **Highlights**
 - £500,000 additional facility drawn Dec . 2014 to meet final King Point Marina lease payment
 - £300,000 deferred receipt for last year's 'Care Home' land sale received March 2015

- **Banking Facility**
 - £22.5m facility to Oct 2016
 - New facility to be agreed by 31 March 2016

Bank Facility (RBS)

- Net debt £21.5m at 31 March 2015
- £1.0m headroom on current facility (£22.5m)
- £48k lease financing drawn of £500k available
- LIBOR swap on £15m at 145bps until June 2016
- Gearing 53.0% at 31 March 2015 (2014: 52.5%)
- Facility expires October 2016
- All covenants met in year

Summary of cash flows	12m to 31 March 2015
Opening net debt	(£20.2m)
Movement	(£1.3m)
Closing net debt	(£21.5m)

Cash Flow Highlights	
Net trading	£1.0m
King Point Marina capital expenditure	(£0.5m)
Airport & other planning costs	(£0.3m)
Other capital expenditure (£0.8m) less grants (£0.3m)	(£0.5m)
Interest and bank fees	(£1.0m)
Movement	(£1.3m)

Results

Segmental performance



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- Overall
 - Increasing annuity contributions with no development profits
- Real Estate
 - New lettings now income producing
 - 2014: Airport rates recovery included
- Car Parking
 - Record year, revenue up 12.8% (10.3% 4 yr CAGR)
 - Cost base increases during year
- Regeneration
 - 2014: Profit on sale of 'Care Home' site
- Marine
 - Record landings at Plymouth Fisheries
 - Good marina trading year
 - 2014: Harbour back rates charge £229k

Revenue	31 Mar 2015 £000	31 Mar 2014 £000
Real Estate	1,513	1,440
Car Parking	422	374
Regeneration	-	430
Marine	5,020	4,801
Core trading revenue	6,955	7,045

Gross profit before impairments, provisions or fair value adjustment	31 Mar 2015 £000	31 Mar 2014 £000
Real Estate	971	1,040
Car Parking	240	258
Regeneration	(229)	169
Marine	1,387	1,024
Core trading gross profit	2,427	2,491

Property and regeneration

The investment portfolio



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- North Quay House
 - Vacant 3rd floor re-let August 2014 to Rame Energy plc
- Barbican Market Estate
 - Rent review determined on 3,327 sq ft restaurant unit
- Other, including:
 - 4,028 sq ft letting to 'The Stable', (subsidiary of Fuller's) Value: +£225k
 - 1st floor restaurant at King Point, £310k
- General
 - Post YE letting of Jamaica to Boston Tea Party

Investment Portfolio at valuation £000	31 March 2015	31 March 2014
North Quay House	3,275	3,200
Barbican Market estate	2,500	2,300
Lockyers/NMA estate	3,710	3,600
Fisheries merchant units	1,500	1,475
Other	5,620	5,000
	16,605	15,575
Valuer	JLL	JLL

Investment KPIs	2015	2014
Net initial yield	8.60%	8.90%
Reversionary yield	9.70%	10.56%
Occupancy rate	93.30%	86.40%
ERV vacant units	£0.119m	£0.250m
Average, unexpired lease	10.0 years	9.90 years





Property and regeneration

The owner-occupied portfolio

- Sutton Harbour Marina/ Plymouth Fisheries
 - Revised sharing of general harbour costs
 - Reflects strong trading performance at fisheries
- Car Parks
 - Gross revenues up 12% on previous year
 - Strong potential for future growth as 'Vision' for the area of Sutton Harbour takes shape
- King Point Marina
 - Immature asset carrying at value in use. Impairment of £303k expected to reverse in the short-medium term
 - At centre of major regeneration area
 - Self-standing asset not part of the Sutton Harbour estate

Owner occupied portfolio at valuation £000	31 March 2015	31 March 2014
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Owner Occupied Portfolio – at valuation		
Sutton Harbour Marina	14,000	14,150
Plymouth Fisheries	6,700	5,350
Car Parks	3,500	3,400
	24,200	22,900
Valuer	JLL	JLL

Immature Asset- at 'value in use'		
King Point Marina	3,889	3,769

Property and regeneration

Current project inventory



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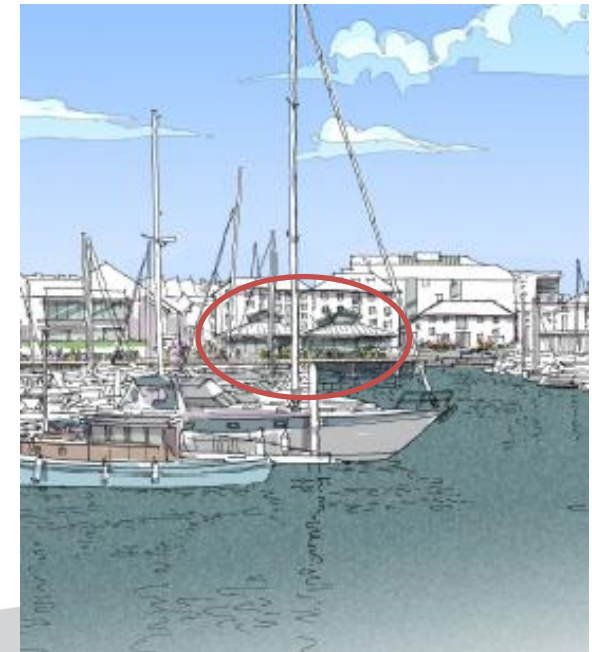
- Sites around Sutton Harbour
 - 'The Boardwalk' site at Sutton Harbour has planning consent. Due to start on site early 2016 s/t marine license and funding
 - Sugar House, East Quay – new indicative development plan formulated to comprise: residential, student accommodation, retail , public car parking
- Portland
 - Value in leasehold tranches and IP
- Former Airport Site (113 acres)
 - Planning policy framework under consultation
 - New viability study commissioned by Secretary of State, due within current financial year

Project inventory	31 March 2015 £000	31 March 2014 £000
Sites around Sutton Harbour	7,880	7,687
Portland	406	406
Former Airport Site	11,569	11,508
	19,835	19,601



New Project – Boardwalk

- At Vauxhall Quay, Sutton Harbour, Plymouth
- Planning granted (MMO consent pending)
- Targeted at national covenant occupiers
- ‘Boardwalk’ benefits pedestrian access
- ‘Vision’ enabler



The Boardwalk	
Scheme details	2 x 3,500 sq ft (325m ²) restaurant units 807 sq ft (75m ²) retail/café pavilion

New Project – Sugar House East Quay

- East Quay, Sutton Harbour, Plymouth
- 1.3 acre waterfront freehold site
- Major ‘Vision’ 132,000 sq ft development
- ‘Area Action Plan’ approval and planning IP
- Major footfall stimulus, with c. 400 new residents, 40+ jobs, retail amenity
- Active 3rd party interest for all uses
- Major student town, c. 30,000 HE students

Sugar House East Quay	
Indicative scheme	51 Public car parking spaces 80 Residential units 302 Student studios/clusters 3 Retail/restaurant units



Summary



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Profitable trading businesses

- Established business with growing core revenues

Investment

- Infrastructure improvements underway to benefit business efficiency

Unique location

- 'Vision' strategy to develop destination potential of Sutton Harbour

Inventory realisation

- Planning led strategy to exit airport site at an acceptable value

Value growth plan

- New asset creation to produce greater footfall and demand, accelerating revenues and asset value growth





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