

Marine Operations and Waterfront Destination Specialist



**Preliminary Announcement
of Results for the year ended
31 March 2017**

June 2017

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

Sutton Harbour Holdings plc

Key facts



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HOLDINGS PLC

- 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 £46m property portfolio
- 'Vision' for the area of Sutton Harbour. (Creation of a leading visitor destination)
- Strategic Review** still active following announcement in April 2016

* Adjusted PBT excludes fair valuation adjustment and impairments

** which could lead to a sale of the Company

Net Asset Value
£40.1m

Revenue
£6.718m

PBT
£0.053m
*Adjusted PBT
£0.331m

No. of
Employees
35 (FTE)

Bank Facility
£25.0m

Gearing
55.9%

Market
Capitalisation
£26m (SP:27p)

NAV discount
35% (SP:27p)



Financial Year 2016/17

Financial Highlights

Trading Result	31 March 2017	31 March 2016
Profit before tax (excluding revaluation, impairments)	£0.331m	£0.410m
Profit before tax	£0.053m	£1.590m

Balance Sheet	31 March 2017	31 March 2016
Net Assets	£40.141m	£40.869m
Net Asset Value per share	41.7p	42.4p
Net Debt*	£22.458m	£22.213m
Gearing	55.9%	54.4%
* Net Debt = Net bank debt + Lease financing		

Operational Highlights

- DfT report on Plymouth Airport supportive of Company position that former airport site cannot deliver viable commercial air services
- Heads of Terms signed with major contractor / developer for Sugar House (East Quays) site
- Record year for Plymouth Fisheries Hub: £19.7m fish throughput value



Company strategy overview

Current priorities



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- Future opportunities
 - Strategic Review* process underway to explore all options with the objective of maximising shareholder value
- Realisation of development inventory
 - preparations for public enquiry on Plymouth and South West Devon Joint Local Plan in respect of former airport site and Sutton Harbour area
 - working with preferred bidder to submit planning application for Sugar House site mixed use scheme
- Capital investment to upgrade asset base
 - new marina reception area and wi-fi installation
 - ANPR parking technology, signage and presentation improvements at car parks
 - 23 year old fish box washer replaced
 - further grant application for Fisheries improvements

*which could lead to a sale of the Company



Results

Income Statement



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- **Onerous Leases**
 - charge for non-cash increase in provision for the onerous lease for Salt Quay House which expires 2021.
- **Gross Profit**
 - excluding Onerous Lease/Impairment a consistent result with 2016
- **Fair value adjustment**
 - deficit on JLL valuation of investment property assets and King Point Marina at 31 March 2017
- **Administrative expenses (Overheads)**
 - includes professional costs, bad debt expense
- **Net finance costs**
 - reflects improved terms of new facility
 - capitalisation of interest: £23k (2016: £50k)

Summary Income Statement	31 Mar '17 £000	31 Mar '16 £000
Revenue	6,718	6,509
Cost of sales	(4,130)	(3,960)
Onerous Leases / Impairment	(173)	(272)
Gross Profit	2,415	2,277
Administrative expenses	(1,300)	(1,082)
Fair value adjustments	(105)	1,452
Operating profit	1,010	2,647
Net finance costs	(957)	(1,057)
Profit before tax	53	1,590
Taxation charge	(13)	(93)
Profit after tax	40	1,497
Earnings per share	0.04p	1.55p
Adjusted PBT (£'000)	331	410

Results

Balance sheet



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- Non current assets
 - incorporating JLL valuation as at 31 Mar '17
 - valuation deficit against marina assets
- Trade and other debtors
 - increase arising from prepayment of bank facility arrangement fee and accounting for accrued rental income
- Bank and finance leases
 - facilities through RBS and Lombard
- Government grants
 - Fisheries infrastructure grants and historic airport grant
- Derivatives
 - arising from LIBOR swaps

	31 March 2017 £000	31 March 2016 £000
Non-current assets	45,749	46,645
Current assets		
- Inventories	20,569	20,097
- Trade and other debtors	2,073	2,057
Liabilities		
- Bank and finance leases	(22,458)	(22,213)
- Deferred income	(1,479)	(1,542)
- Provisions	(253)	(141)
- Deferred tax	(1,642)	(1,629)
- Trade and other creditors	(1,173)	(1,118)
- Government grants	(1,169)	(1,214)
- Derivatives	(76)	(73)
Net assets	40,141	40,869
Net assets per share	41.7p	42.4p



Results

Cash position and banking

- **Highlights**
 - net bank debt has increased to fund planning and pre-development costs of development inventory sites.
 - improved terms of bank facility agreed March 2016 showing in reduced finance costs of £0.957m (2016: £1.057m)

Bank Facility (RBS)

- LIBOR swap on £10m at 87bps , June 2016 - June 2019
- Gearing 55.9% at 31 March 2017 (31 March 16: 54.4%)
- 3 year committed facility expires March 2019
- All covenants met in period

Net debt movement 12m to 31 March 2017	Lease Financing	Net Bank Debt	Total
Opening net debt	(£0.4m)	(£21.8m)	(£22.2m)
Movement	-	(£0.3m)	(£0.3m)
Closing net debt	(£0.4m)	(£22.1m)	(£22.5m)
Max Facility	(£0.55m)	(£25.0m)	

Cash Flow Summary 12m to 31 March 2017	Total
Net trading	£1.0m
Capital Expenditure (net of grants)	(£0.3m)
Interest and bank fees	(£1.0m)
Movement	(£0.3m)

Results

Segmental performance



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- Overall
 - stable performance by annuity trading businesses
- Real Estate
 - recent rent increases from reviews offset by slightly lower occupancy of 90% (2016: 96%)
- Car Parking
 - energy cost savings following LED lighting installation
- Regeneration
 - costs of former airport site management
- Marine
 - stable result despite a slowing in demand for annual marina berths

Revenue	31 March 2017 £000	31 March 2016 £000
Real Estate	1,609	1,580
Car Parking	483	480
Regeneration	-	-
Marine	4,626	4,449
Core trading revenue	6,718	6,509

Gross profit before impairments, provisions or fair value adjustment	31 March 2017 £000	31 March 2016 £000
Real Estate	1,211	1,196
Car Parking	291	276
Regeneration	(121)	(178)
Marine	1,207	1,255
Core trading gross profit	2,588	2,549

Property and regeneration

The investment portfolio



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- General
 - stability in valuation, +0.6% change in year to 31 March 2017
- North Quay House
 - 3rd floor vacant with current interest
- Fisheries Units
 - under-occupied as premises no longer ideally suited for fish processing

Investment Portfolio at valuation	31 March 2017 £000	31 March 2016 £000
North Quay House	3,225	3,425
Barbican Market estate	3,825	3,825
Lockyers/NMA estate	4,675	4,525
Fisheries merchant units	1,500	1,550
Other	6,235	6,025
	19,460	19,350
Valuer	JLL	JLL

Investment KPIs		
Net initial yield	7.90%	8.30%
Reversionary yield	8.95%	9.20%
Occupancy rate	90.0%	96.20%
ERV vacant units	£0.120m	£0.039m
Average, unexpired lease	9.8 years	10.0 years



Property and regeneration

The owner-occupied portfolio

- The Marina at Sutton Harbour
 - reflective of occupancy trend for annual marina berths with occupancy rate for 2016/17 at 75% (2015/16: 77%)
- Car Parks
 - 15% growth in value reflects sustained year on year performance growth and demand for such assets
- King Point Marina
 - following first 3 full trading years, external valuation adopted
 - deficit reflects flatter curve to maturity than anticipated

Owner occupied portfolio at valuation £000	31 March 2017 £000	31 March 2016 £000
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Owner Occupied Portfolio – at valuation		
Marina at Sutton Harbour	12,000	13,150
Plymouth Fisheries	6,650	6,500
Car Parks	4,075	3,550
King Point Marina	2,950	-
	25,675	23,200
Valuer	JLL	JLL

Immature Asset- at 'value in use'		
King Point Marina	-	3,550

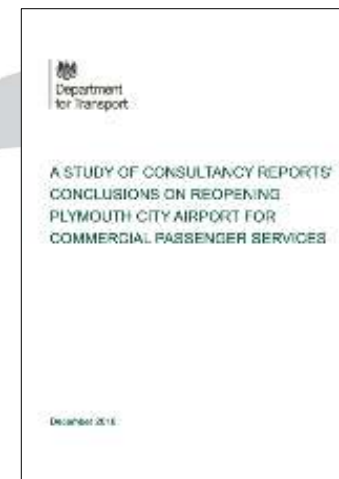
Total Carrying Value	25,675	26,750
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Property and regeneration

Current project inventory

- Sites around Sutton Harbour
 - final marine statutory consents still awaited for the planning approved 'Boardwalk' scheme (7,800 sq ft F&B space) following requirement for further ecology reports
 - Sugar House, East Quay – heads of terms signed with major contractor / developer
- Former Airport Site (113 acres)
 - DfT report published in Dec 2016
 - comprehensive representations to the Local Plan consultation
 - 'PlymVale' masterplan concept to deliver c. 1,500 homes anchored by sporting, education, healthcare and community facilities
 - public hearing by independent Government planning inspector expected in FY 17/18

Project inventory	31 March 2017 £000	31 March 2016 £000
Sites around Sutton Harbour	8,303	8,104
Portland	200	200
Former Airport Site	12,009	11,721
	20,512	20,025



Summary

The Vision

- to further develop Sutton Harbour as a leading visitor destination

New Development

- the Company awaits the outcome of the new Joint Local Planning Framework public hearing

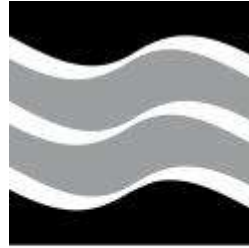
Core activities

- continued investment to maintain quality and customer service

Funding

- 'Strategic Review' by Rothschild ongoing





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