



Belfast **Harbour**

Corporate Plan
2014-2016



Our vision is to be a world-class Port offering leading-edge marine and estate facilities to enable the economic development of Northern Ireland.



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Chairman of the Board (Centre), Len O'Hagan, with Belfast Harbour's Senior Management Team (L to R): Graeme Johnston, Property Director; Maurice Bullick, Financial Director; Trevor Anderson, Operations Director; Roy Adair, CEO; Patricia Toolan, HR Director and Joe O'Neill, Commercial Director.

Section 1:

Chairman's Summary

For over 400 years Belfast Harbour has been delivering a wide range of economic benefits to Northern Ireland. By striving to be a world-class Port, the Harbour continues to develop a stellar pedigree in identifying economic growth opportunities, and delivering leading-edge marine and estate facilities to ensure the regional economy performs to its full potential.

The Harbour's key markets across the UK and Ireland have recently emerged, or are emerging, from the global recession – suggesting that increased levels of economic activity could form the backdrop of the next three years. While taking cognisance of the challenging conditions faced in recent years, Belfast Harbour's investment strategy has always been devised and implemented with long-term aims at the forefront of our minds.

Having invested more than £400m in the Port and the Harbour Estate in the last 25 years, the Harbour plans to invest a further £147m in a variety of projects during the lifetime of this Corporate Plan. These projects will include a new cruise facility, a renewables and biomass facility, a coal processing plant and land reclamation activities which will support 1,600 jobs.

With Belfast increasingly coming on to the radar of foreign direct investors, the Harbour is doing all it can to ensure the business infrastructure is in place to meet international companies' needs. Construction is already underway on a 20-acre, £250m mixed-use, office-led scheme known as City Quays – the first phase of which is the largest city-centre Grade A office development to be granted approval in Belfast since 2007. Belfast Harbour will also continue to market and facilitate other major urban regeneration projects such as

Titanic Quarter and Sydenham Business Park. Belfast Harbour is also fully committed to its corporate citizenship role, with our Corporate Responsibility Strategy and programme of events a strategic objective and core element of Belfast Harbour's value system.

The value of goods handled by the Harbour is £30bn annually, with 700 companies based in the Harbour Estate employing over 22,000 people. Supporting 31% of Northern Ireland's GDP and 27% of all its employment, Belfast Harbour is proud of its role as a major economic enabler for Northern Ireland, and will continue seeking opportunities to generate growth and employment.



Belfast Harbour Office, Corporation Square.

Section 2: Constitutional Status

Belfast Harbour is a Trust Port. As such its operational remit is governed by Statute; its *raison d'être* focused upon operating, maintaining and developing the Harbour and its Estate.

Northern Ireland Trust Ports, like those in other parts of the UK, are governed by Statute and operate on a commercial basis. Whilst they are not owned by Government, they do, however, operate with a high degree of public accountability and are regulated by the Department for Regional Development.

Belfast Harbour Commissioners is a long-standing custodian of Belfast Harbour and its interests and has been instrumental in the facilitation of new industrial opportunities throughout the 400-year history of the Port. Significantly these have included enabling the birth of shipbuilding in Belfast, accommodating the then fledgling aerospace industry, developing what is today George Best Belfast City Airport and facilitating major urban regeneration projects.

Recent investments include:

1. £53m in the development of an off-shore wind turbine assembly site for DONG Energy
2. £20m in the Titanic Belfast visitor attraction
3. £50m towards the construction of VT4 Terminal for Stena Line with a further £160m invested by Stena Line
4. £6m in the Northern Ireland Science Park
5. £10m in City Quays Grade A office space
6. £10m to create the longest deepwater quay in Ireland
7. £20m in facilities to support the Agricultural sector in Northern Ireland.

Belfast Harbour continues to fund all of its investment activities from its own resources and consequently delivers wide-ranging economic benefits to Northern Ireland without recourse to the 'Public Purse'.

£190m invested in the last decade.



Belfast Harbour will invest £7m in Ireland's first purpose built cruise facility.

Section 3:

Purpose, Values and Vision

Over the course of the Corporate Plan Belfast Harbour will invest £147m in capital projects for the benefit of the Harbour and wider economy.

Purpose

To operate and maintain the Port, develop Port capacity and the Harbour Estate to support the regional economy.

Vision

To be a world-class Port, offering leading-edge marine and estate facilities to enable the economic development of Northern Ireland.

Values

Belfast Harbour recognises that the values held by the organisation guide how we behave and the decision-making process at all levels. The values stated below, therefore, are employed to validate behaviours and decisions throughout the business.

- **Safety** – provide a safe environment for everyone using Belfast Harbour
 - **Environmental Sustainability** – seek to reduce the impact we have on our natural environment
 - **Service to Society** – make a difference to our local and regional communities
 - **Integrity** – mean what we say and say what we mean
 - **Respect/equality** – treat everyone as a valued customer
 - **Teamwork** – co-operate to achieve the best outcomes
 - **People** – develop the business environment to make Belfast Harbour a rewarding place to work
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Plan Summary

- The business is driven by the need to perform against our constitutional mandate of maintaining, operating and improving the Port, especially recognising the positive economic impacts that develop from our activities
 - Total capital expenditure for the three-year Plan is £147m
 - The Plan anticipates consolidation of the recent significant advances in revenues and profits
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Dry bulk products led growth in 2013 having benefitted from dedicated capital expenditure by the Harbour totalling c.£100m.

Section 4:

Business Goals

Port

Belfast Harbour's purpose is to operate and maintain the Port, develop Port capacity and the Harbour Estate to support the regional economy.

This translates into the following Port Goals:

Deliver marine capacity to support the needs of the economy by

- Investing to deliver sustainable financial returns and
- Operating the Port profitably in order to fund future investment and growth needs

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- Deliver 'Best-in-Class' services to Customers and Service Providers

Property

The Property Division's purpose is to develop the Harbour Estate in order to underpin funding for development of the business.

This translates into the following Property Goals:

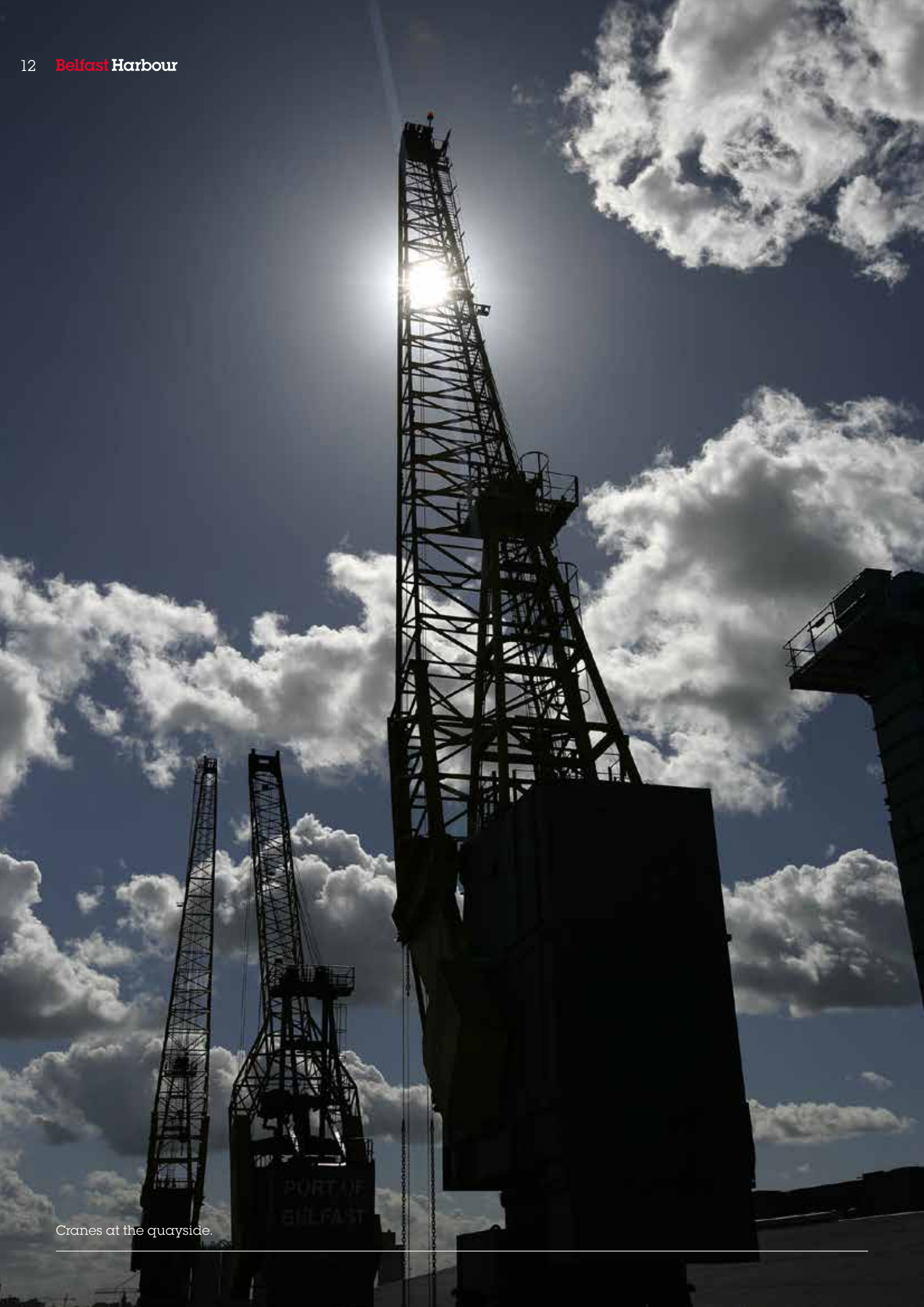
Ensure that Belfast Harbour's real estate portfolio is utilised to secure funding streams and investment by:

- Managing the property portfolio profitably in order to generate ongoing funding
- Investing in and marketing property projects that deliver sustainable financial returns

Section 5:

Corporate Goals

- Maintain the highest standards of Corporate Governance consistent with the requirements of a Trust Port
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- Deliver the highest standards of Health, Safety and Environmental management and practice
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- Deliver 'Best-in-Class' people processes and practices
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- Communicate effectively with our stakeholders and be a leading corporate citizen
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Cranes at the quayside.

Section 6: Belfast Harbour's Business Model

Revenue Streams

Belfast Harbour's income is derived from a number of sources which can be classified as follows:

Shipping Income

- Ships Goods
- Cranes
- Pilotage
- Terminal Rentals

Port Land Income

- Port Operational Land Revenues
- Port Operational Facility Revenues
- Logistics Warehousing Revenues

Property Income

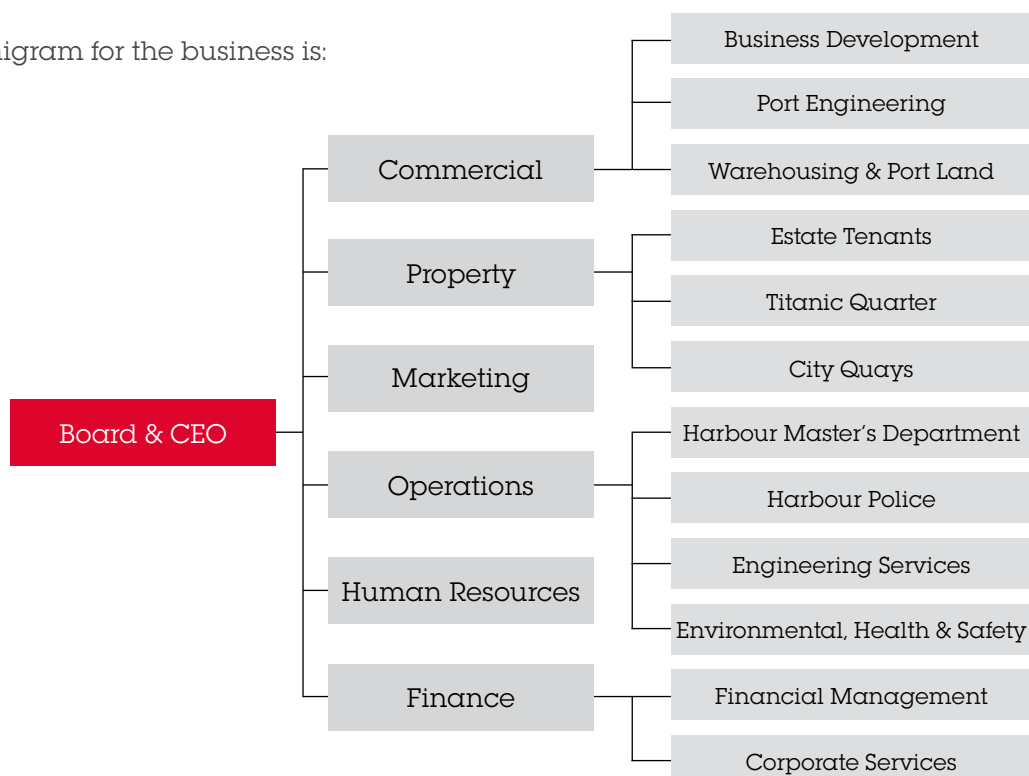
- Land Rentals
- Occupational Rentals
- Titanic Quarter
- City Quays
- Sydenham Business Park

Regarding Marine aspects of the business model, the core tasks are to create and maintain navigable channels and quays, develop land-side facilities for customers and ensure that appropriate cargo handling equipment is available. As an extension of services related to shipping the Port lands are also utilised to further support trade by the facilitation of storage.

As the business has developed, Belfast Harbour has also sought to earn returns from that part of the landbank not required for shipping or related storage purposes and has built a portfolio of tenants over the years.

Organisational Structure

The top level organigram for the business is:





Pilot boat at work in Belfast Harbour.

Section 7:

Key Business Issues

Economic Context – Port

A port's performance is linked to the performance of the economies it serves. For Belfast Harbour this means that the performance of the Northern Ireland, UK and Republic of Ireland economies are key. Each of these economies has recently emerged, or is emerging from the global recession, suggesting that increased levels of economic activity (varying for each region) will form the economic backdrop for the period of the Plan.

Northern Ireland Economy

The Northern Ireland Economy is forecast to grow modestly during the Plan, lagging behind the mainland UK economy, and impacted by weak consumer spending and tightened government spending.

Republic of Ireland Economy

The Republic of Ireland economy has almost exited recession and is forecasted to produce reasonable growth during the Plan, driven mainly by strong exports. Weak Government and consumer spending are the key downside risks to economic growth.

UK Economy

The UK economy is forecasted to perform well with consumer confidence returning. The important question is whether this growth is sustainable and geographically widespread beyond the South East of England.

Economic Context – Property

The Northern Ireland economy is still struggling to shake off the legacy of a housing bubble, and the contagion from the recessions in the UK and Republic of Ireland. Any short-term recovery is likely to be modest and constrained by economic performance in these markets and further afield.

The key markets for Belfast Harbour are Office and Industrial, and the Plan anticipates that the constricted supply of Grade A offices in Belfast requires speculative development.

Working in tandem with Invest NI, Belfast Harbour will construct and promote new Grade A office capacity to meet the anticipated needs of the Foreign Direct Investment market.

The Plan also has the flexibility to respond to market requirements for Industrial projects.

Working in tandem with Invest NI, Belfast Harbour will meet the needs of the Foreign Direct Investment market.



The DONG off-shore wind assembly site opened in 2013.

Belfast Harbour as an economic enabler for Northern Ireland

Belfast Harbour supports 31% of NI GDP and 27% of all NI employment

The value of goods handled by the Harbour is £30bn annually

Belfast Harbour capital projects have transferred in excess of £190m of value to the NI economy over ten years

Associated customer spend on such projects within NI was £200m

In 2013 Belfast Harbour handled a record 23m tonnes with the best performing trades benefitting from a £100m investment by Belfast Harbour in recent years

Belfast Harbour land development transactions have delivered more than £2bn of Gross Development Value since 1992 across 10m square feet of built space

700 companies are based in the Harbour Estate supporting 22,000 jobs

50,000 jobs created through investment projects



View of the Port from Hollywood Exchange.

Section 8:

Port Master Plan Outlook and Developments

In 2012 Belfast Harbour published a Port Master Plan laying out plans for the next 20 to 30 years. The reason for doing this was to assist planning authorities and inform Port users on the planned development of Belfast Harbour – it will not be subject to review during the life of this Plan. The Port Master Plan forms a route map for the information given here to allow Belfast Harbour to progress its strategy.

The Port Business

Belfast Harbour plans to invest £67 million in a variety of projects including a cruise facility, a renewables and biomass facility, a coal processing plant and land reclamation activities which will support 1,600 jobs.

Belfast Harbour trade is projected to grow by 68% by 2030 and it is important that the Harbour adequately plans for the necessary capacity to support the local economy and avoid becoming a brake on potential growth.

The resulting capacity calculations, used within the published Master Plan, indicate a requirement for 82 additional acres, 22 acres of which will be satisfied by investment in existing land and its reorganisation/redevelopment.

The further 60 acres of land will be created by reclamation, anticipated to be completed by 2018/2019 at a cost of c. £25m. This investment will support 500 construction and supply chain jobs which will be sustained for three years.

In addition to the growth requirements, the infrastructure and land requirements analysis considers the needs of other complementary sectors such as sustainable energy projects, Port-centric logistics solutions and cruise ships.

Belfast Harbour has delivered more than £2 billion of Gross Development Value since 1992 across 10m square feet of built space.



Architect's drawing of the new City Quays 1 building due for completion in early 2015.

The Property Business

Belfast Harbour is concentrating on developing its offer in the commercial office space. Existing stock Grade A office space in Belfast is expected to be occupied during 2014 as the amount of such supply is well below the identified 'live' market requirements.

Developing the property offering is a key strategic goal of Belfast Harbour in the next three years. Belfast Harbour's offer to the international market focuses on three major development areas within the Harbour Estate – Titanic Quarter, City Quays and Sydenham Business Park. Together these three projects could see an investment of £80m in the next three years supporting 1,000 construction and related supply chain jobs, as well as an anticipated on-going 12,500 new jobs.

Titanic Quarter

Titanic Quarter is a waterfront development firmly rooted in the history and character of Belfast's maritime history, acting as a driver for high quality investment and development in the city. Titanic Quarter is transforming a 185-acre site on the banks of Belfast's River Lagan into a new mixed-use maritime quarter with a range of investment opportunities, including more than 7,500 apartments, 10,000,000 square feet of business,

live/work units, education, media and R&D floor space together with hotels and other leisure uses. To date in excess of £350m has been invested in a wide variety of projects including the hugely successful £97m Titanic Belfast, attracting more than 800,000 visitors to the area in its first year and acting as a catalyst to drive value for subsequent developments.

City Quays

City Quays is a city centre designated mixed-use regeneration project in the heart of Belfast which is an extension of the already fully occupied Clarendon office and residential scheme. This £250m, commercial-office-led project, totalling some 2.4m square feet, offers a high-quality location in which to do business. It is supported with local service retail, residential space, leisure uses, including restaurants, cafes and bars, and all within a 20 acre riverside location. For the first phase, City Quays 1, construction has begun on-site with completion estimated in the first quarter of 2015.

Titanic Belfast attracted more than 800,000 visitors to the area in its first year and acts as a catalyst to drive value for subsequent developments.



The Belfast Seahorse, unveiled in 2013 to mark the 400th anniversary of the Harbour.

Section 9: Corporate Responsibility

Belfast Harbour and the Community

Belfast Harbour continues to be fully committed to its corporate citizenship role, and maintains a formalised Corporate Responsibility Strategy and programme of events. Belfast Harbour's commitment in this area is highly visible and reflects the four dimensions of its Corporate Responsibility Programme:

- Young People
- Community
- Environment
- The Arts.

The Harbour's Corporate Responsibility Programme has received praise for the diverse range of activities and the inclusiveness of the projects supported; Arts and Business NI believe the strategy to be an excellent benchmark for firms seeking to explore their corporate citizenship credentials for the first time.

The development of the Port through the centuries is inextricably linked to the development, growth and significance of Belfast. Consequently, the Harbour understands the importance of reaching out and engaging with local communities, providing assistance in terms of both time and money, building bridges to education and training, managing and improving its environmental impact (particularly in respect of climate change) and encouraging suppliers to also behave responsibly.

This Corporate Responsibility (CR) commitment forms a core element of Belfast Harbour's value system and the annual CR programme is fully supported by the Board, Executive Team and Belfast Harbour Employees.

Belfast Harbour and the Environment

Belfast Harbour's Environmental System is certified to ISO 14001. Each year Belfast Harbour participates in the Arena Environmental Survey and has achieved the highest status of Platinum for each of the last 5 years. The Harbour, however, continues to strive for improvement.

Given its relationship with the coast and weather, Belfast Harbour is particularly focused on climate change and its associated impacts. Accordingly, environmental objectives include reduction of green-house gas emissions from energy consumption and disposal of waste.

Belfast Harbour continues to operate a Business Continuity Management System (BCM) to improve the organisation's resilience in the face of adverse events which might otherwise disrupt normal business activity. The BCM system identifies the risk of accidental or deliberate impairment (e.g. cyber attack) of key resources and defines the necessary contingency and recovery actions. The BCM system also includes regular testing of such action plans.

Belfast Harbour also works very closely with 'Belfast Resilience' to ensure an inclusive and cohesive approach across the city.

Belfast Harbour



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