

## Arena Leisure PLC - Trading Statement

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Arena Leisure PLC  
( 'Arena' or 'the Group' )

Pre-close Statement  
and Management Contract for Great Leighs Racecourse

Arena, the operator of seven UK racecourses and one-quarter of the UK's annual horseracing fixtures, today issues a pre-close statement for the year ended 31 December 2007 and is pleased to announce that performance during this period has been in line with market expectations. Arena also announces that its preliminary results will be issued on 6 March 2008.

Strategically, Arena has had a very successful year, making considerable progress with several key initiatives that will significantly enhance the Group's future earnings.

Doncaster Racecourse re-opened on time following a major redevelopment programme and successfully staged the St Leger festival in mid-September. Attendances were generally higher than expected, which bodes well for the future, although the resulting additional revenues were matched by one-off opening costs that were greater than expected. Planning permission was received in March for a four-star, 120-bedroom hotel which, together with the associated 34-unit residential development, will complement the exciting redevelopment of Doncaster Racecourse.

At Wolverhampton Racecourse, planning permission was received for an expansion of the existing hotel from 54 to 170-bedrooms, the construction of a new conference, exhibition and banqueting suite, a new leisure facility featuring a swimming pool, and the incorporation of a casino, thereby creating the UK's first 'racino'. The City of Wolverhampton, which was one of the locations recommended for a 'small' casino, still awaits the endorsement of Parliament.

Finally, detailed planning permission was received in November for a 116-bedroom hotel, leisure and golf club development at Lingfield Park, with work expected to commence at the end of January 2008.

Arena is in discussions with a number of lending institutions to secure the appropriate funding for these exciting developments and it is expected that this process will be completed in time for the preliminary results announcement.

In March, Arena successfully created its own catering business and took over the operation of all food and beverage activities at six of its racecourses with the aim of providing a superior customer product. Further improvements are anticipated which will increase the long term profitability of Arena's racecourse operations. The set-up costs of the catering operation in 2007, which were exacerbated by start-up costs incurred on the re-opening of Doncaster Racecourse, will result in the new operation contributing a small loss in 2007, following the payment of notional royalties to the racecourses that it serves. The business is expected to trade profitably in 2008.

As identified in both the June trading update and the July interim results announcement, trading in the key summer months was impacted by the severe wet weather conditions. In June, it was anticipated that profit before interest and tax for the year ended 31 December 2007 would be in the region of £6 million - an increase of around 6.5% compared to 2006. In July, following further adverse weather, this estimate was described as 'remaining an achievable, if now somewhat more difficult, target'.

In October, Arena negotiated a settlement with its insurers for a total sum of £6.6 million following the closure of Southwell Racecourse due to the effects of severe flooding. This sum covered the financial impact of both business interruption and the physical repair and replacement of assets; the latter resulting in a gain through the profit and loss account due to the 'new-for-old' nature of the policy. The settlement allowed an accelerated refurbishment programme and the re-opening of the racecourse in mid-December.

Given the scale of developments now in the pipeline for 2008/9, the Board has decided to defer consideration of any major enhancements at Royal Windsor Racecourse for at least one year. It has also decided to write-down the carrying value of related development costs incurred in prior years by approximately £1 million. This is more than offset by the gain arising from the Southwell insurance settlement.

Following a busy Christmas period, it is expected that profit before interest and tax for the year ended 31 December 2007 will be in the region of £6 million, in line with market expectations. This includes a small net contribution arising from the gain on the damaged assets element of the insurance settlement at Southwell Racecourse net of the write-down of the Royal Windsor development costs.

#### New Contract

Arena today also announces an increase in its racecourse portfolio through the signing of an initial one-year contract to oversee the management of racing operations at the brand new Great Leighs Racecourse at Chelmsford in Essex.

With the construction of this floodlit all weather racecourse nearing completion, Arena will bring its world-class expertise in the management of all weather tracks to assist Great Leighs in preparing the course for its opening fixture on 18 March 2008 and the approximate 80-days racing it is set to stage each year. This arrangement reflects Arena's status as the clear market leader in all weather racing in the UK and is expected to net the Group a profit of around £0.25m. Arena will work alongside the commercial and marketing teams already in place at the course, with Great Leighs' management retaining responsibility for all commercial arrangements and on-going developments.

#### Outlook

It is too early in 2008 to draw any conclusions on trading. However, the year has started well with an additional 11 fixtures gained for the first three

months of this year following the delayed opening of Great Leighs and with the new contract to oversee the management of that racecourse's racing operations. Despite the weather related challenges that arose in 2007, the Group achieved many of its objectives. With Doncaster Racecourse successfully re-opened and with a full year of operations ahead, Southwell and Worcester Racecourses restored following the summer flood damage and the major hotel-based developments commencing, the Board is optimistic that the Group will continue to move forward in 2008.

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