



**SpaceandPeople PLC** - SAL Trading Update - September 2014  
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SpaceandPeople PLC  
11 September 2014

## **SpaceandPeople plc**

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("SpaceandPeople" or the "Group")**

### **Trading Update - September 2014**

The first half of 2014 has been a challenging period for the Group, with trading in some areas being slower than had been anticipated and a number of one-off costs being incurred. As a result of this, we issued a trading update in April 2014 explaining the reasons for our revised expectations. Since then, a number of areas have traded in line with these revised expectations but performance in other areas has been disappointing compared with our revised forecast.

In our update in April this year, we highlighted trading problems relating to four key areas of our business. There were:

- UK promotions, where sales traction in new venues was slower than anticipated;
- UK retail, where we saw increased restrictions on some retail categories available for us to sell;
- German promotions, where there were delays in obtaining local authority permits to trade in new centres, resulting in lost sales opportunities for this year; and
- German retail, where our roll-out plan was delayed throughout the year and we achieved lower than expected occupancy in the first six months of 2014.

These conditions have continued to weigh on our performance since April. In particular, although the German retail division is currently achieving higher sales than in 2013, it is experiencing a significant slow-down in expansion into new centres and also reduced occupancy of units. This will result in German Retail profits for the year being significantly lower than anticipated.

Additionally, a delay in executing a major project that S&P+ has been working on means that a significant element of its income and profit, which had been anticipated to be included in 2014, is likely to be deferred until next year.

We now forecast 2014 profit before tax and non-recurring items to be £800k, with an upside of potentially a further £200k, and profit before tax but after non-recurring costs of between £500k and £700k. We are providing a range at this point because much of the crucial Christmas trading period sales have yet to be

transacted.

We have made annualised cost savings of £700k and the new revenue lines we established this year will deliver a better performance in 2015. Additionally, we are delighted to announce the following contracts:

- SpaceandPeople GmbH has agreed a new three year contract with ECE Projektmanagement GmbH in Germany, to arrange promotions in their mall spaces until 31 December 2017. The extension allows us to continue our partnership with Europe's largest property group, and although more focussed on short term promotions it will enable us to grow our new innovative and well received customer connect system nationally; and
- SpaceandPeople plc is pleased to announce that it has signed heads of terms in contemplating of being awarded an exclusive commercialisation contract with Grand Central Birmingham, due to open in September 2015. The opening of Grand Central and its flagship John Lewis store will coincide with the completion of Birmingham New Street Station which will transform rail travel for millions of passengers and provide a unique shopping and station experience. Many of the shops, restaurants and cafes already confirmed for the scheme will be new to the city, with an emphasis on quality retail and international dining.

Overall, the business is robust and profitable, cash flow is positive and the cash position is strong. The Company anticipates having in the region of £750k of net cash at the year-end, as well as a £2.0m long-term borrowing facility. The board therefore expect to be able to propose a dividend of 2.0p per share which would be payable in April 2015.

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