

Arena Leisure PLC - AGM and IMS statement

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Arena Leisure PLC
28 April 2008

Arena Leisure Plc
('Arena' or 'the Company')

Annual General Meeting and Interim Management Statement

At Arena's Annual General Meeting to be held this afternoon, the Company's Chairman, Raymond Mould, will make the following statement.

'Attendances in 2008 to date have been lower than anticipated across all of our operating courses. Nevertheless, largely as a result of the re-opening of Doncaster Racecourse, Arena's total attendances have increased by 50% to total around 120,000 (2007: 80,000) and average attendances have increased by around 14%. For the UK racing industry as a whole, total attendances for the first three months of the year were 2.3% below last year, although with a 20.2% increase in the number of fixtures, the average attendance was down 18.8%.

'So far this year, Arena has staged 139 fixtures, which is an increase of 33 (31.1%) on last year (2007: 106). The majority have been staged at our all-weather courses and 34 of these fixtures (2007: 2) are effectively a new product; winter evening fixtures staged in response to the evening opening of UK betting shops. Attendances at these fixtures have not been as strong as we would have hoped and, consequently, attendances from the non-Doncaster racecourses have shown only a small increase, despite the considerable increase in the number of fixtures. The expansion in the volume of races has also not been matched by a corresponding increase in the number of horses competing. As a consequence, there has been an increased incidence of races featuring fewer than eight horses that, in turn, reduces the income received from the bookmakers under the terms of our BAGS contract.

'Latest indications are that this year the Levy - the income that is generated on UK bookmakers' profits on UK horseracing and which largely funds prize-money - will be considerably higher than anticipated. Consequently, it has been announced that prize money levels will be increased later this year which should help to increase the number of runners in the winter evening fixtures at the end of this year, thereby reducing the likelihood of this BAGS reduction issue arising again.

'Doncaster Racecourse is in its first full year of operation after its re-opening last year and is yet to generate the attendances we had anticipated following such a lengthy period of closure. The track has also been weather affected with one fixture lost and the attendance at the Lincoln meeting in March badly affected by it taking place during the unusually early Easter weekend and by the extensive snow fall on both the day of the fixture and the preceding day.

'For Arena's courses, the first few months of the year are typically a quiet period in terms of public attendances and so this period has not historically been a reliable guide for the year as a whole. More important are the busier summer months where the current prospects are more encouraging. Bookings to date for the important St Leger meeting at Doncaster are in line with those for the successful event staged last year. The Monday evening fixtures at Royal Windsor have had a quiet start with the one fixture staged so far this year. Bookings are currently below expectation for May, whilst the remainder of the season looks more encouraging.

'Current trading means that we are behind market expectations, although we are still expecting to trade ahead of last year. We remain cautious about the ongoing impact of the current economic situation on both consumer and corporate spending and, against this backdrop, we remain vigilant, particularly with regard to the control of the raceday operations' cost base.

'At The Races, which is 47.5% owned by Arena, has continued to progress well and

to build its audience base. This is evidenced by the TV channel achieving its highest ever ratings earlier this month whilst featuring exclusive racing from Doncaster and Ascot.

'Arena's major development projects continue to progress satisfactorily. Work on the hotel development at Lingfield Park is expected to start at the end of May. Negotiations over the fixed price contract for the hotel and residential development at Doncaster are now going well and work is expected to commence in the middle of this year. Meanwhile, the Wolverhampton hotel and casino still awaits the approval of Parliament for the creation of the new 'small' and 'large' casinos.

'As part of positioning the Group to successfully deliver these important projects, we have today also announced the appointment of Antony Harris as the Company's Finance Director with effect from 1 May 2008. Antony is the former Chief Financial Officer of The UNITE Group plc, having spent thirteen years working in the hotel industry with Inter-Continental Hotels Group and, most recently, Hilton International.

'We expect to conclude our new financing arrangements with our relationship bank, HBOS, in the near future to increase our banking facilities to £78m, following the receipt of Credit Committee approval earlier this year.

'In summary, although the year has not started as well as we had hoped and we are cautious about the ongoing impact of the current economic situation on both consumer and corporate spending, I am confident that Arena is well placed to deliver on the exciting value enhancing opportunities in front of it and to continue to deliver a growing profit stream for its shareholders.'

- Ends -

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