




ARENA LEISURE PLC

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2008

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Key Themes

- Growth
  - Revenue increased by 23% to £31.2m (2007: £25.3m)
  - PBIT increased by 43% to £2.3m (2007: £1.6m)

- Operation
  - Economic downturn is impacting attendance related revenues
  - Industry funding and media rights incomes are more resilient
  - Re-establishing Doncaster Racecourse in its first full year since re-opening is proving challenging
  - Catering business is delivering clear operational benefits
  - Southwell and Worcester Racecourses operating successfully following flooding in 2007
  - At The Races generating profit

- Development
  - Lingfield Park hotel development commenced, with funding in place and Marriott franchise signed
  - Parliament approved grant of ‘small’ casino licence to Wolverhampton City Council
  - Review of timing of Doncaster hotel and residential scheme is underway

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Operational Overview

Racing

- Southwell and Worcester successfully re-opened after 2007 floods
- Doncaster trading more difficult than expected in its first full year after re-opening
- Private and corporate hospitality impacted by downturn, particularly Lingfield Park and Royal Windsor
- Winter evening meetings attracted lower field sizes with increased incidence of sub-eight runner fields
- First major ‘after racing’ event held at Doncaster in June with *Madness* playing to 15,000
- Racing services contract at Great Leighs; first meeting in May 2008; profit contribution of £250k for 2008

Catering

- First full year of in-house operation
- Clear benefits on quality of product and customer service levels
- Margins are in line with targeted levels
- Lower attendance levels and reduced spending per head has impacted incomes
- Profits are more seasonal than previous out-sourced model

Arena Fixtures & Attendances

Fixtures	Six months to 30 June 2008	2007
Staged at redeveloped Doncaster	17	-
All other racecourse fixtures	131	141
Acquired from BHA:		
- Winter evening	20	-
- Other	21	23
Transferred from Great Leighs	16	13
Total	**205**	**177**
Fixtures lost	3	6

Attendances	Six months to 30 June 2008	2007	*Change*
Fixtures	205	177	*+16%*
Total attendances	**305,000**	**226,000**	***+35%***
- Private hospitality	20,000	21,500	*-7%*
- Other attendances	285,000	204,500	*+39%*
Average attendance	1,488	1,277	*+17%*
Excluding Doncaster	**93,000**	**-**	
Fixtures	188	177	*+6%*
Total attendances	212,000	226,000	*-6%*
- Private hospitality	16,500	21,500	*-23%*
- Other attendances	195,500	204,500	*-4%*
Average attendance	1,128	1,277	*-12%*

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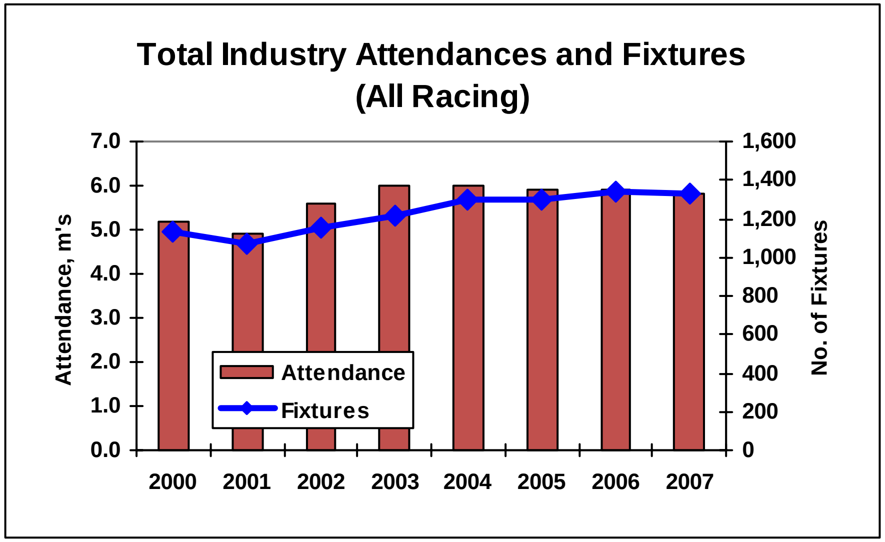
Market Update

Fixtures:

- 1,504 fixtures scheduled for 2008 (2007: 1,415)
- Arena will host 366 of these (including 16 fixtures transferred from Great Leighs and net of 3 lost), representing 25% (2007: 347, 25%)
- 1,480 fixtures scheduled for 2009 by BHA, of which Arena will host 334 (23%)

Levy:

- 2007/8 Levy settled at £116m, ahead of expectations
- Increased prize-money from 1 July 2008, with increased ‘pot’ phased over 3 years
- Winter fixture prize-money allocation up from £20,000 to £30,000



Industry Attendances for 6 months to June 2008:

- Total attendance up 4% to 2.84m (2007: 2.74m)
- Number of fixtures up by 14% to 728 (2007: 640)
- Average attendance of 3,902 down 9% from 4,277

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Revenue Analysis

Income Analysis

£'m	**2008**	**2007**
	Six months to 30 June	
Levy - prize-money funding	5.7	5.6
Levy - other funding	4.7	4.4
LBO/ BAGS	6.0	5.3
Sub-total industry & media income	16.4	15.3
Attendance income	4.7	3.4
Catering income	4.9	2.7
Other raceday income	3.4	2.4
Non-raceday income	1.8	1.5
Revenue	**31.2**	**25.3**

Bridge

	£'m
Six months to 30 June 2007	**25.3**
Doncaster re-opened	4.9
Other movements net Doncaster:	
LBO / BAGS	0.3
Attendance related & other	(0.7)
Catering Q1 – out-sourced '07	0.8
Gross up of industry funding	0.6
Six months to 30 June 2008	**31.2**

Profit Analysis

Group Profit and Loss Account

£'m	Six months to 30 June 2008	2007
Revenue	31.2	25.3
Profit from racecourse operations	3.0	3.2
Insurance claim proceeds	0.5	-
Central overhead	(1.3)	(1.2)
Operating profit	**2.2**	**2.0**
ATR - Arena post tax share	0.1	(0.3)
Profit before interest and tax	**2.3**	**1.6**
Interest - trading	(0.7)	(0.1)
Interest - fair value adjustments	(0.2)	0.8
Tax	-	-
Profit before and after tax	**1.4**	**2.3**
Earnings (pence per share)	0.40	0.65

Operating Profit Bridge

	£'m
Six months to 30 June 2007	**2.0**
2007 start-up costs	0.8
Adjusted 2007 profit	2.8
Q1 catering contract change	(0.4)
Southwell insurance claim	0.5
Attendance related (admissions & catering):	
Hospitality	(0.4)
General retail	(0.4)
Other	0.1
Six months to 30 June 2008	**2.2**

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AT THE RACES

Six months to 30 June	2008 £'m	2007 £'m
Revenue	7.9	7.3
Arena's share* of:		
Operating profit	0.3	(0.1)
Interest and tax	(0.2)	(0.2)
Share of post tax results of JV (as disclosed)	0.1	(0.3)

* Throughout the period, Arena owned 47.5% of the ordinary shares in ATR.

On 24 July 2008, ATR issued shares to a number of racecourse partners in accordance with long standing commitments. As a result, from that date, Arena's shareholding in ATR's ordinary shares reduced to 45.85%.

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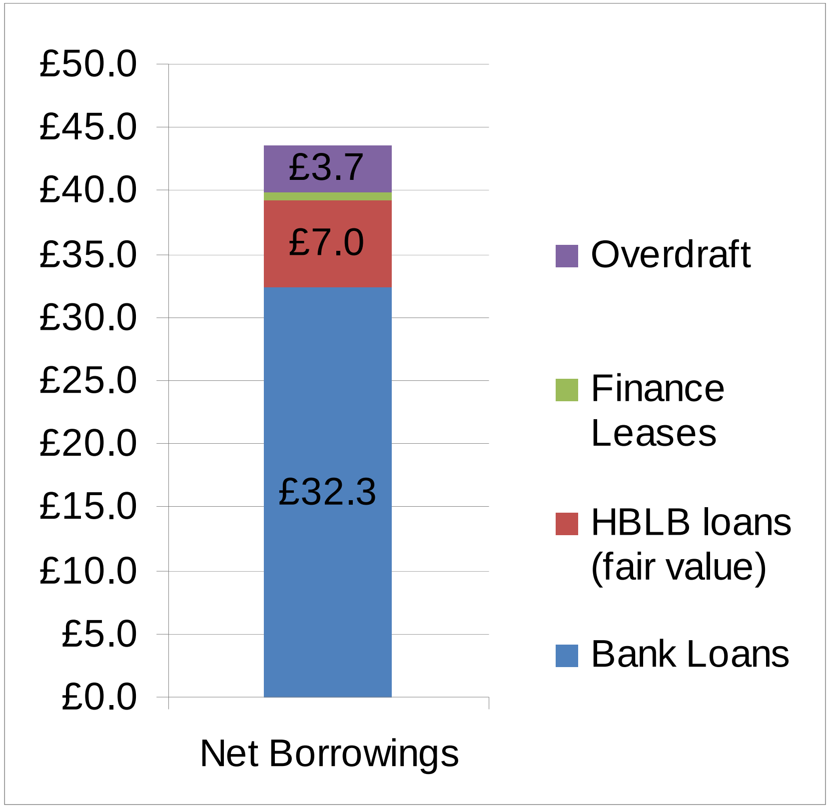
Bank Facilities

	Interest rate	Year of maturity	Value
Existing facilities:			
Term loan	LIBOR + 1.0%	2018	£13.0m
Term loan *	LIBOR + 1.0%	2013	£10.0m
Revolving credit facility *	LIBOR + 1.0%	2010	£10.0m
Bank overdraft facilities *	LIBOR + 1.0%	2008	£6.5m
New facility:			
Development loan for Lingfield Park & other future capital developments	LIBOR + 2.5%	2013	£23.0m
			-----------
Total facilities			£62.5m
			-----------

* The £10.0m term loan, the £10.0m revolving credit facility and £5.0m overdraft facility have moved to LIBOR (from base rate) from July 2008. A £1.5m overdraft facility will move to LIBOR (from base rate) in April 2009.

Borrowings



- Total net borrowings at 30 June 2008 of £43.8m.
- Bank debt drawn of £32.3m - from total facilities of £56.0m.
- Net overdraft drawn of £3.7m - from capacity of £6.5m.
- Average interest cost on bank borrowings and overdraft of 6.2%.
- £12.0m of LIBOR bank debt is hedged until Oct 2012 between rates of 4.76% and 5.50%.

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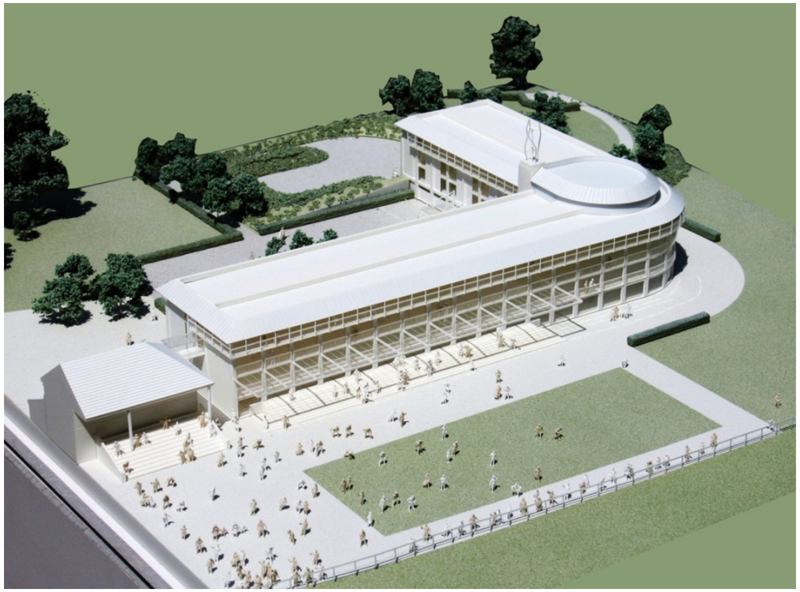
Lingfield Park

- Marriott Hotel & Country Club franchise signed in July 2008.
- Work on site commenced May 2008.
- Estimated opening spring 2010.
- Total project cost estimated at £28.5m.
- Sale of residential site estimated to realise £1.5m.
- £23.0m financing from HBOS secured.



- Development of new integrated leisure building incorporating:
  - 116-bedroom hotel
  - Replacement hospitality boxes
  - Leisure centre/spa with swimming pool
  - New golf clubhouse
  - Bars and restaurants

Doncaster

- **Phase 1** complete: £35m
- New grandstand, conference and exhibition facilities.
- Rationalisation of course, new stables and refurbished stands.
- Course re-opened in August 2007.

- **Phase 2** development: Net cost £13m after £7m residential sales.
- 120-room hotel and 34 residential units.
- Planning permission granted.
- Project timing under review in light of current economic climate.






Wolverhampton

- Planning permission granted in September 2007 for ‘racino’.
- Wolverhampton City Council has now been confirmed as designated city for a ‘small’ casino licence.

- Racino concept:
  - 170-bedroom hotel
  - Casino
  - Leisure club with a swimming pool
  - Conference, exhibition and banqueting facility
- Project cost estimate of around £25m.

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Folkestone

- 203 acres of freehold land.
- Close to junction 11 of the M20.
- Train station adjacent to the racecourse.
- Approximately 50 acres of surplus land around the racecourse facilities.
- A master planning exercise commissioned incorporating:
  - A redeveloped and regenerated racecourse; and
  - Housing on the surplus land to facilitate the racecourse development.

- Shepway Council preparing a document listing the representations made under each of the issues and options of the Core Strategy.
- The Council's LDF Preferred Options will not now be issued for consultation until spring 2009.
- Arena will hope to meet the Council again once the master planning exercise has completed.

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Indicative Capital Expenditure: 2007 - 2011

(excludes capitalised interest)

	2007 £'m	2008 £'m	Future Spend £'m	Gross Cost £'m	Sales Proceeds £'m	Net Cost £'m	Timing
Doncaster - phase 1 development *	20.1	1.7	-	35.0	-	35.0	Complete
Lingfield Park hotel and residential	0.9	4.6	23.0	28.5	(1.5)	27.0	May ‘08 – Mar ‘10
Doncaster - hotel and residential	0.9	0.1	19.0	20.0	(7.0)	13.0	Under review
Wolverhampton hotel and casino	0.2	-	25.2	25.4	-	25.4	Awaiting casino licence
Southwell flood repairs	1.4	1.6	-	3.0	-	3.0	Complete
Other	4.9	3.0					
	28.4	11.0			(8.5)		

* Excludes analysis of expenditure in 2005/6.

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Summary & Outlook

Economic environment

- Challenging trading conditions affecting all leisure industry.
- The Group is experienced in dealing with tough trading conditions following 2007.
- Income from industry funding and media rights is more resilient.

Delivering our strategy

- Enhanced operations from both catering business and Great Leighs contract.
- Good progress made on Lingfield Park and Wolverhampton developments.
- Doncaster hotel and residential development timing under review.
- Financial position of the Group remains strong.

Arena remains well placed to see through the economic downturn and remains focused on maximising shareholder return.

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APPENDICES

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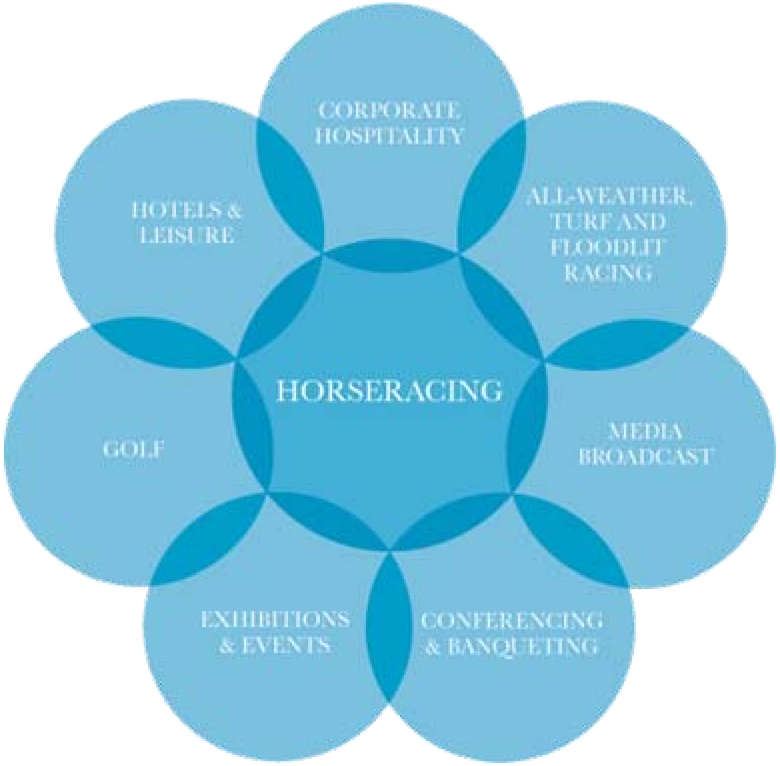
Arena – greater utilisation of our assets

Racecourses will remain at the heart of the business



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Arena

1. **Provision of excellent services and facilities** to our customers and the **greater utilisation of our assets** in order to drive **earnings growth**.

2. **Invest in new or expanded earnings enhancing opportunities** on our racecourses that **complement** our existing activities.

3. **Realise value** from any surplus or under-utilised land within our 1,070 acres of freehold land.

4. **Acquisitions**: Build on our core skills and operations, leading to an increase in shareholder value. Likely to be **opportunistic** in nature.

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Indicative Phasing of Attendance-Related Income 2008

<table>
<tr><th>JAN</th><th>FEB</th><th>MAR</th><th>APR</th><th>MAY</th><th>JUN</th><th>JUL</th><th>AUG</th><th>SEP</th><th>OCT</th><th>NOV</th><th>DEC</th></tr>
<tr><td>4%</td><td>4%</td><td>6%</td><td>5%</td><td>7%</td><td>15%</td><td>14%</td><td>10%</td><td>15%</td><td>7%</td><td>5%</td><td>8%</td></tr>
<tr><td colspan="2">8%</td><td colspan="2">11%</td><td colspan="2">22%</td><td colspan="2">24%</td><td colspan="2">22%</td><td colspan="2">13%</td></tr>
<tr><td colspan="4">19%</td><td colspan="4">46%</td><td colspan="4">35%</td></tr>
<tr><td colspan="6">41%</td><td colspan="6">59%</td></tr>
<tr><td colspan="12">100%</td></tr>
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Fixtures

Fixtures	**2008**	**Full Year 2007**
	(projected)	(actual)
Staged at redeveloped Doncaster	30	9
Transferred from Great Leighs	16	36
Acquired from BHA:		
- Winter evening	35	17
- Other	50	49
All other racecourse fixtures	235	236
Total	366	347
Fixtures lost	3	19

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Arena's Racecourses

Royal Windsor

- Number of fixtures in 2008: 26
- Surface: Turf
- Acreage: 167
- Jewel in the crown - Monday evening summer racing

Doncaster

- St Leger – oldest classic race in the world
- £35m redevelopment – grandstand, exhibition centre, stables
- Re-opened August 2007
- 99 year lease
- Number of fixtures in 2008: 30
- Attendance: approx. 225,000






Lingfield Park

Surface: All-weather and turf
Number of fixtures in 2008: 91
18-hole championship golf course
Acreage: 450

Wolverhampton

Surface: All-weather; floodlights
Number of fixtures in 2008: 101
54-bedroom Holiday Inn hotel

Southwell

Surface: All-weather and turf
Number of fixtures in 2008: 75

Folkestone

203 acres; turf
Number of fixtures in 2008: 24

Worcester

42 year lease; turf
Number of fixtures in 2008: 19

Doncaster-
101 acres
(leasehold)

Lingfield Park - 450 acres

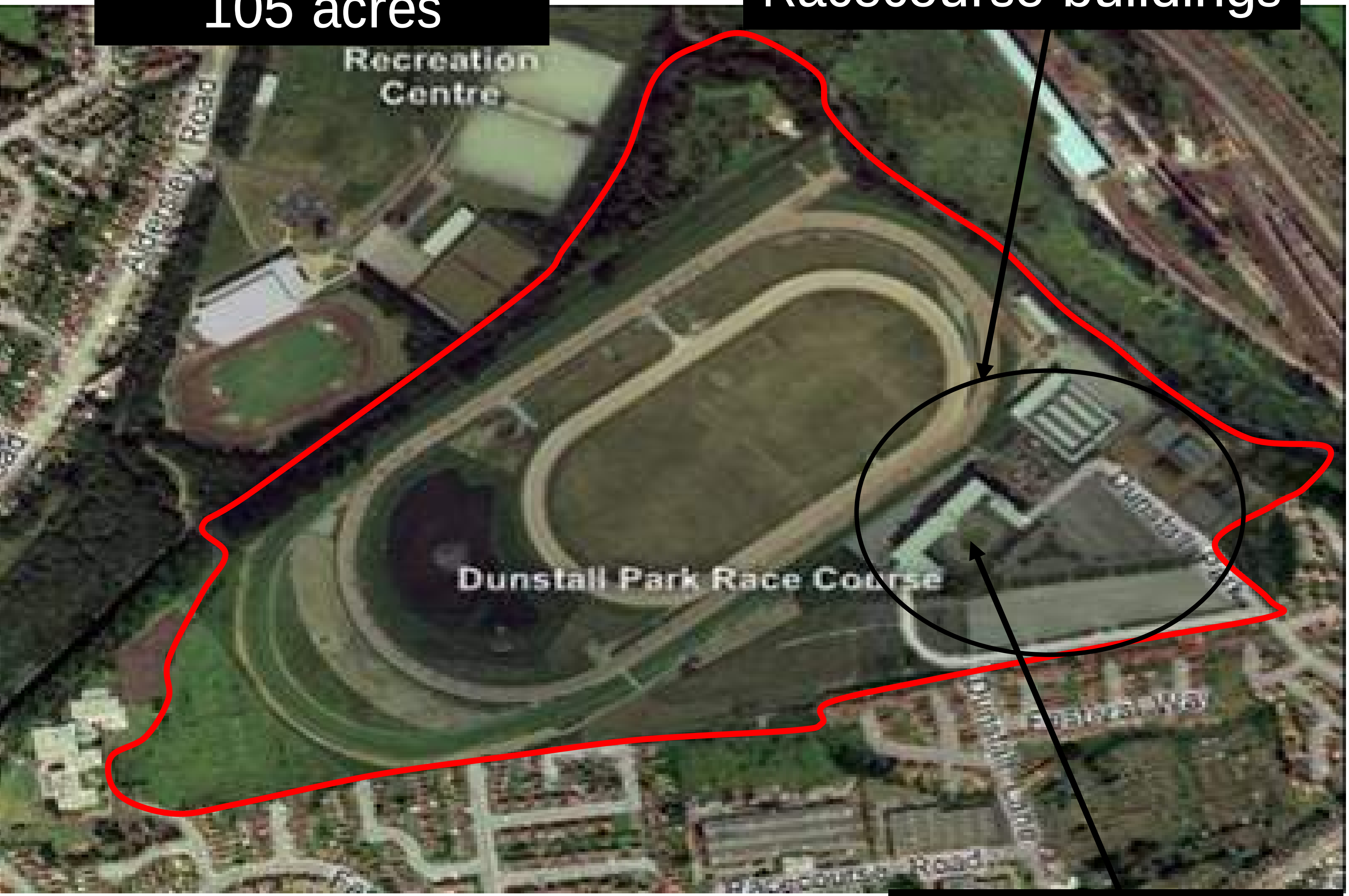
Railway

Westenhanger Station

Folkestone - 203 acres

M20 – junction 11

Wolverhampton - 105 acres



Royal Windsor - 167 acres

Southwell - 145 acres

Worcester - 100 acres
(leasehold)

AT THE RACES

- Joint venture with Sky. Also, Ascot, Northern Racing and others. Arena now owns 45.85%.
- Maximise the value of racing's media rights by monetising its distribution across multiple domestic and international media platforms, reaching the widest possible audience.
- Partners include 30 UK racecourses - covering almost 60% of all UK fixtures - and all 27 Irish racecourses ➔ over 1,100 fixtures per annum.
- UK and Ireland's most watched dedicated horseracing channel, on basic subscription packages.
- 23m TV households in the UK and Ireland. ATR is available in over half via Sky (8.5m) and Cable (Virgin Media in UK, UPC Networks in Ireland, 3m+). By 2010, should be available in 14m homes.
- ATR is attracting over 1.5m different individuals to the channel every month.
- Strong ABC1 Men demographic – attractive to advertisers and sponsors.
- attheraces.com, is now the No.1 racing and betting website in the UK and Ireland with over 500,000 unique monthly users. Over 900,000 archive video streams are accessed per month.
- Bet & Watch - individual race streams available live on bookmaker websites.
- Broadband - live channel available via annual subscription.
- 3G - ATR available across all major mobile platforms in UK and Ireland.

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AT THE RACES

International distribution:

- Long established presence in mature, tote-based markets: Italy, France and South Africa, as well as traditional fixed odds territories: Caribbean, Sri Lanka, Austria and Belgium.
- Newer territories developed such as North America and Australia.

Financial position:

- Arena’s share of ATR’s operating profit:

H1 2008:	£0.3m (2007: loss £0.1m)
Full year 2007:	£0.2m (2006: loss £0.3m)

- Arena’s share of ATR’s profit after tax:

H1 2008:	£0.1m (2007: loss £0.3m)
Full year 2007:	loss £0.2m (2006: loss £0.8m)

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The British Racing Industry

60 racecourses in the UK

Arena Leisure	**7 racecourses**	
		25% of UK horseracing
Jockey Club Racecourses	14 racecourses	
		Owned by the Jockey Club
		23% UK horseracing
Northern Racing	9 racecourses	
		Acquired by the Reubens Brothers in July 2007
Remainder are independent	Ascot (Queen), York (people of York), Musselburgh (council)	
No. of all-weather racecourses	5	**Arena owns 60%**
No. of floodlit all-weather racecourses	3	**Arena owns 33%**

Arena: A strong position in the UK racing industry

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