

**19 May 2010**

**ARENA LEISURE PLC**

**INTERIM MANAGEMENT STATEMENT AND CHANGE OF CHAIRMAN**

Arena Leisure Plc ('Arena'), the UK's leading operator of horseracing fixtures which owns and operates seven racecourses in the UK comprising Doncaster, Royal Windsor, Lingfield Park, Wolverhampton, Folkestone, Southwell and Worcester, today announces its Interim Management Statement and notification of a change of Chairman. Financial data in this announcement relates to the four month period from 1 January 2010 to 30 April 2010 (the 'period') unless otherwise stated.

Arena's Annual General Meeting will take place today at Lingfield Park commencing at 12.00pm.

#### Trading Update

Trading in the period has been in line with expectations with a moderate improvement in business trends compared to 2009 levels, most notably as a result of an increased contribution from international media rights that are distributed through At The Races ('ATR'), Arena's 45.85% affiliate. The Lingfield Park Marriott Hotel and Country Club opened for business, as planned, on 10 May 2010 and has just completed its first full week of trading.

Across Arena's seven racecourses, 138 fixtures were staged during the period (2009: 142). 11 fixtures were lost to bad weather in the early part of the year and, thanks to the resilient and flexible nature of its all-weather product, Arena was able to stage an additional 8 fixtures at short notice. In aggregate, therefore, the impact on profits was not significant. Total attendances in the early part of the year were also impacted by bad weather, however, recent meetings have shown more encouraging numbers. In total, the 138 fixtures were attended by 133,000 racegoers (2009: 131,000) resulting in an average attendance that is 5% ahead of the same period in 2009. Private and corporate hospitality business in the period was approximately 25% higher than in 2009. However, this period represents on average only 15% of the annual total for our hospitality business and is not viewed as wholly representative of the more significant summer season. Preliminary industry statistics, across all UK racecourses, for the period indicate that total attendance was at the same level as 2009 and that average attendances increased by 4% on a lower number of fixtures.

Recent reductions in Levy yield have resulted in the anticipated reductions in prize money funding: 8% in the year to date with further reductions expected to arise from July. In addition to reduced prize money funding, the Levy Board has recently indicated its intention to reduce substantially the incentive payments that it makes to racecourses as compensation for scheduling fixtures at less profitable times of the year but which are nevertheless important for Levy generation. Unlike prize money reductions, which result in a commensurate reduction in our costs, such incentive payment reductions will have a direct negative impact on our racecourse profitability. If the Levy proceeds with its proposals in this regard, the Board's current best estimate is that the 2010 profit impact will be £0.2m and the full year impact in 2011 will be approximately £0.8m.

More positively, ATR's growth continues to gain pace, particularly from the revenues generated from the international distribution of UK and Irish racing rights. Arena benefits from these revenues through its relationship with ATR as both a supplier of content and as an equity shareholder. Compared to the first four months of 2009, revenues due from ATR media rights in the period have increased by approximately £0.2m with an estimated uplift of £0.4m for the full year. This increase is due mainly to the organic growth of ATR's business and will be further enhanced by the new joint

venture with RMG - GBI Racing - that came into effect on 1 March 2010 and that allows for the unified international distribution of all UK and Irish horseracing. We have previously indicated that ATR's share of cost savings facilitated by the joint venture would be in the region of £0.5m in 2010, and the business is on target to deliver these. Longer term, and commencing in 2011, additional revenue will flow as GBI Racing is able to enter new markets.

### Development Projects

The Lingfield Park Marriott Hotel and Country Club opened for business on schedule, on 10 May 2010, following the completion of a £29m investment project. We are delighted with the finished scheme and initial indications are that the 116-bedroom hotel, with its wide range of leisure facilities, will attract a great deal of interest from the business and leisure sectors. Situated in beautiful Surrey countryside, between London and Brighton, and in close proximity to Gatwick Airport, and with excellent transport links, the Lingfield Park Marriott Hotel and Country Club boasts panoramic views across the racecourse and a championship standard golf course and is set to become a superior leisure, exhibition and conference destination. Pre-opening costs are in line with the £0.5m estimate previously indicated.

The status of all other development projects remain as previously disclosed.

### Funding

Following the refinancing that was completed in February 2010 with facilities totalling £55.0m provided by Lloyds Banking Group, we have reviewed our hedging arrangements with regards to interest rate exposure. We have amended the structure of these hedges by converting a £12.0m cap and collar instrument (effective at rates between 4.76% to 5.50%) into a £15.0m fixed rate at an effective rate of 4.77%. The hedge amortises to £10.0m from 1 January 2011 and £5.0m from 1 January 2012, expiring on 31 December 2013. This amendment provides a more appropriate alignment of interest rate hedging to Arena's projected debt profile and will have no material impact on the 2010 interest cost.

### Dividend

Subject to approval at the AGM, a final dividend of 0.38p per share, totalling £1.4m, will be paid on 21 May 2010 to shareholders on the register on 23 April 2010.

### Outlook

Trading in the year to date has been in line with our expectations and we anticipate that the moderate improvements we are seeing will continue. Trading over the important summer period is more dependent on economic recovery and consumer sentiment and therefore, at this stage, remains inherently uncertain. Visibility of forward hospitality bookings for the summer season and the September St Leger festival is limited as lead times remain short. To date, the booking patterns for hospitality business are similar to 2009 and we maintain our previous view that 2010 is likely to have a similar outcome.

### Board

Following four years as Chairman of Arena, and as a result of his increasing commitments as Chairman of London & Stamford Property Ltd, Raymond Mould has today resigned from the Board and will therefore not stand for re-election at today's AGM. The Board would like to express its

