

12 November 2010

ARENA LEISURE PLC

INTERIM MANAGEMENT STATEMENT

Arena Leisure Plc ('Arena' or the 'Group'), 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 for the period from 1 July 2010 to 11 November 2010. Financial data in this announcement relates to the four month period from 1 July 2010 to 31 October 2010 (the 'period') unless otherwise stated.

Overview

Arena has traded in line with expectations during the period. The Group delivered improvements in public attendances, notably at the Ladbrokes St Leger festival, and a moderate recovery of hospitality business. However, as previously indicated, the impact of fixture funding reductions as a result of a reduced Levy yield has impacted fixture profitability from July. International media rights distribution, through Arena's 45.85% affiliate At The Races ('ATR'), is now part of a unified UK and Ireland joint venture (GBI Racing) and has grown on trend in line with the first half of the year. The performance of the newly opened Lingfield Park Marriott Hotel & Country Club, after a positive start during the summer months, is currently operating at the lower end of our range of expectations and is reflective of the weak hotel market. Overall we expect to deliver a result for the full year in line with market expectations.

The recent announcement by the Levy Board of a further £10m reduction in 2011 industry funding will have an impact on all UK racecourses' profitability in that year. This reduction is based on an estimate of the likely Levy yield and is made in the absence of an agreement for the 2011/12 scheme that has now been referred to the UK Government for determination. At this time, therefore, there is a degree of uncertainty on the funding impact on Arena's racecourses in 2011.

Trading Update

During the period, Arena staged 97 fixtures. This compares to 106 in 2009 when Arena received 13 unscheduled fixtures. This brings the total staged for the 10 months to 31 October 2010 to 285 fixtures (2009: 303). The anticipated total fixtures for the full year remains at 353 (2009: 370). Total attendance in the period across Arena's seven racecourses was 292,000 (2009: 279,000) and included a successful Ladbrokes St Leger festival in September at Doncaster Racecourse. The attendance over the four days of the festival was 60,000 (2009: 53,000) including a Saturday crowd of 30,000 (2009: 27,000). For the 10 months to 31 October 2010, the total attendance across the Group was up by 7,000 at 574,000 (2009: 567,000) despite 20 less fixtures. Average attendance was 2,014 and represents an 8% increase over the prior year (2009: 1,871). The recovery in the corporate and private hospitality business, which has and continues to be severely impacted by the economic conditions, was in line with the 15% improvement achieved in the first half of the year. Hospitality spend per head on this increased volume remains low and, as in previous periods, margins have been protected through the success of our in-house catering operation which, in the 10 months to 31 October 2010, has delivered profit slightly ahead of that achieved in the corresponding period in 2009.

Income from media rights to Licensed Betting Offices has continued to be resilient with the current five-year contract to 31 December 2011 being linked to inflation and with the numbers of runners in our races remaining strong. In January 2012, the new five year contract with SIS that was announced in July 2009 will commence. For 2011, Arena has secured 353 fixtures, despite the further reductions in industry funding through the Levy. The fixtures include 48 twilight meetings on

our all-weather tracks during the winter months that will receive limited industry funding and a further 37 fixtures that we will largely be self-funding. We have a reasonable expectation that we will be able to secure a similar fixture list into 2012 and beyond.

The Lingfield Park Marriott Hotel and Country Club opened on 10 May 2010 and has now completed six months of operation. The quality of the development and service standards at the property are of a high level and we are pleased to have received positive recognition from customers and through an international design and architecture award. Business from leisure packages, particularly golf related, and overnight stays following weekend racing was encouraging during the summer and the property is achieving a good average rate compared to its competitor set. We have planned for the hotel to take three years to reach maturity, during which time conference, meetings and corporate business are expected to build to become a core revenue stream. The hotel sector, particularly outside of London, has softened somewhat in recent months and this has impacted trading at Lingfield Park. As a result, its overall performance for the year will now be at the lower end of our anticipated range.

Development Projects

In October, Arena submitted its masterplan proposal for the redevelopment of Folkestone Racecourse to Shepway District Council as part of the Council's process for drawing up its new Local Development Framework. The proposal is designed to safeguard the long-term future of Folkestone Racecourse and entails a complete rebuild of the racecourse and the introduction of approximately 800 residential units. We anticipate updating the market further in the first quarter of 2011.

Wolverhampton Council has recently published a timetable for the tender and award of the small casino license that it was granted by central government in 2008. Tender applications will be invited in August 2011 with the final award expected in May 2012. We will participate in the tender and our belief is that the mixed used scheme of casino, racecourse and an extension to the existing hotel will provide a compelling proposition.

Industry Funding

Earlier in the year it was announced that the Levy yield for the current scheme, which runs until 31 March 2011, was estimated to be £70m and that, as a result, the Levy Board had reduced funding levels to match this yield. We previously indicated that the profit impact of these funding reductions to Arena would be £0.2m in the second half of 2010 and a further £0.8m in 2011.

On 8 November 2010, the Levy Board announced a further £10m of reductions in budgeted expenditure for the 2011 calendar year. However, revised funding allocations based on this new budget have not yet been published. Immediately prior to this, it was announced that the Levy scheme for 2011/12 had been referred to the UK Government for determination following a failure by Racing and Bookmakers to reach agreement. Previous determinations have typically taken around six months to finalise. As the revised funding allocations for the new Levy Board budget have not yet been published, we have included our best estimates of the likely profit impact on Arena in our outlook for 2011. Our estimate is based on an even sharing of the burden of the reductions across the industry.

In light of the uncertainty regarding future Levy funding, the Group continues to closely monitor the situation. The Board is considering a number of strategies open to it to optimise the various potential outcomes and deliver the best interests for Arena and its shareholders.

Outlook

Despite a challenging trading environment, Arena's core business has moved forward successfully in 2010. Improved racecourse attendances together with good development of ATR's international media rights business have helped to mitigate the pressure on corporate spend and the impact of industry funding reductions. The Lingfield Park hotel made a good start to trading through the summer but a softening of the market in recent months has impacted trading and it is anticipated that this will be the case at least for the remainder of the year.

Although we remain cautious about the last two months of the year, particularly on hotel trading and non-racing events, we expect to deliver a full year result in line with market expectations.

Arena remains well placed with its increasing diversification of income streams: notably through in-house catering, ATR media distribution, and the Lingfield hotel. However, the significant reduction in Levy yield, together with the added uncertainty of the 2011/12 scheme having been referred to the Government for determination, means that we expect another challenging year in 2011. Based on the above it is difficult to anticipate material overall growth in 2011.

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Forward-looking statements

This report may contain certain statements about the future outlook for Arena. Although we believe our expectations are based on reasonable assumptions, any statements about future outlook may be influenced by factors that could cause actual outcomes and results to be materially different.

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