

7 July 2008

Aldgate Capital Plc – First Acquisition Announcement

Aldgate Agrees to Acquire H.J.M. Caterers Ltd and E&J Hall Investments Ltd for £25.0 million

Placing of 75,931,819 new shares, at 22p per share, to raise £16.7 million

Aldgate to be renamed Praesepe Plc

Aldgate Capital Plc (“Aldgate” or “the Company”, AIM:AGT.L) is pleased to announce that on 4 July 2008, it entered into a conditional agreement to make its first acquisition in line with its stated strategy to consolidate the Low Stake-High Volume (“LSHV”) gaming market in the UK and Europe.

Transaction Highlights:

- Aldgate to acquire 31 Adult Gaming Centres (“AGC”s) in the UK through the acquisition of H.J.M. Caterers Limited and E&J Hall Investments Limited (together the “Acquisition” or the “Target”)
- The Acquisition will serve as a springboard for Aldgate’s plans to build a diversified gaming group including gaming machines, bingo, and sports book/pool betting operations in the UK and Europe
- Target had FY2008 revenue of £11.0 million, EBITDA of £2.9 million; strong cash flow despite recent negative impact of Smoking Ban and Gambling Act
- Aldgate aims to create a business with EBITDA of approximately £50.0 million within 18 months through further acquisitions¹
- Acquisition qualifies as a reverse acquisition under AIM Rules; completion expected on 25 July 2008
- £25.0 million consideration to be constituted of £22.0 million in cash and £3.0 million in consideration shares
- Aldgate will fund consideration by placing 75,931,819 new shares, at 22p per share, raising £16.7 million (pre-expenses), and issuing 13,636,364 new consideration shares. Placing partially underwritten by Numis Securities
- Remainder of consideration, plus £2.5 million in costs and £2.0 million in working capital, will be funded by new £3.795 million debt facility and £6.0 million of the Company’s existing cash resources
- Aldgate Plc is to be renamed “Praesepe” Plc as part of the re-admission process
- Nick Harding to be CEO of Praesepe, leader of a highly experienced management team
- AGC division to trade under the brand name “Cashino” and will be managed by Jonathon Hughes, an experienced UK gaming machine operator.

David Williams, Chairman of Aldgate, said:

“This first acquisition is the perfect springboard for Aldgate’s strategy to create a diversified, international Low Stake High Volume gaming group.

We are acquiring a well run business with a strong market position that has been consistently cash generative throughout the economic cycle. The business has a valuable property portfolio and a number of organic growth opportunities, and so is well-positioned to recover from the recent market challenges.

The LSHV gaming industry remains highly fragmented and presents a number of further acquisition opportunities. We believe that scale and diversification in the UK and Europe will enable us to take advantage of the evolving regulatory and operating trends in the LSHV gaming industry.

¹ This should not be interpreted as a profit forecast

We have a first rate management team in place who have significant experience in building gaming businesses and a proven track record of delivering shareholder value.”

For more information, please contact:

Nick Harding, Aldgate Plc 01908 224882

Mark Watts, Marwyn Capital 020 7004 2700

Chris Blundell, Brunswick 020 7404 5959

Stuart Skinner, Numis Securities (Nominated Adviser) 020 7260 1314

Charlie Farquhar, Numis Securities (Broker) 020 7260 1233

Numis Securities Limited, which is regulated by the Financial Services Authority, is acting as Nominated Adviser and Broker exclusively for the Company in connection with the arrangements described in this announcement and is not acting for any other person and will not be responsible to any other person for providing the protections afforded to the customers of Numis Securities Limited, or for advising any other person in connection with the arrangements described in this announcement. The responsibilities of Numis Securities Limited as Nominated Adviser, are owed solely to the London Stock Exchange.

Introduction and Transaction Overview

Aldgate has agreed to acquire the entire issued share capital of H.J.M. Caterers Limited and E&J Hall Investments Limited, a leading UK regional operator of slot machine gaming venues, which trades under the “Shipleys Amusements” brand name and operates 31 AGCs in the UK, for a total consideration of £25.0 million.

Aldgate plans to use this acquisition as a platform to build, through further acquisition, a diversified LSHV gaming business, encompassing machine gaming, bingo and sports betting/pools, in the UK/EU with EBITDA of approximately £50.0 million within 18 months. Aldgate believes the timing is opportune to pursue this strategy due to the current challenging operating environment providing access to assets, and the convergence dynamics driving consolidation.

The total consideration of £25.0 million will be satisfied by £22.0 million in cash and the issue of 13,636,364 Consideration Shares. The Company proposes to fund the payment of the cash consideration for the Acquisition, and associated costs of £2.5 million and £2.0 million for working capital requirements, through a combination of the Placing, a new debt facility and £6.0 million of the Company’s existing cash resources.

Share placing

As part of the planned acquisition the Company proposes to raise up to £16.7 million (before expenses) by issuing up to 75,931,819 Placing Shares at the Placing Price pursuant to the terms of the Placing Agreement. The Placing has been partially underwritten by Numis Securities.

Debt facility

The Company has also conditionally obtained a term loan of £3,795,000 to part fund the Acquisition (including the associated costs) and to satisfy the ongoing working capital requirements of the Enlarged Group.

Re-admission

The Acquisition is expected to complete on 25 July 2008, and constitutes a reverse takeover pursuant to the AIM Rules and is therefore subject to Shareholder approval which will be sought at the General Meeting on the 23 July 2008. An application is being made to the London Stock Exchange for re-admission to trading on AIM of the Enlarged Share Capital. Admission is conditional, *inter alia*, on the passing of the Resolutions by Aldgate’s shareholders at the General Meeting.

Company Name Change

Following the completion of the Acquisition, Aldgate Capital Plc will be renamed Praesepe Plc (“Praesepe”). The name change will also require the approval of the Aldgate Capital’s shareholders at the General Meeting.

Background and History

Aldgate was admitted to AIM on 11 April 2006 as a special purpose vehicle with an initial funding of £5.0 million (before expenses). The stated strategy of the Company was to acquire and manage companies and businesses in sectors where the Directors believed there were opportunities for consolidation, focusing on those sectors undergoing structural, technological and/or regulatory change, with a particular focus on the financial services, media and communications and leisure sectors in the UK, Europe, North America and Asia.

Nicholas Harding was appointed as Chief Executive Officer of Aldgate on 28 November 2007. Following Nicholas’ appointment the Company announced that it was focusing its strategy on establishing a broad-based gaming group and acquiring, or making investments in, companies or businesses engaged primarily in the LSHV gaming market, to include AGCs, FECs, LBOs, Bingo, Sports and Pool Betting and the online formats of these gaming offerings, with a view to creating a substantial pan-European gaming business. The Directors

and Proposed Directors believe that the UK and European LSHV gaming markets are characterised by low operating volatility, resilience to economic uncertainty, and high degrees of fragmentation which make them appropriate targets in advancing the Company's growth and consolidation strategy.

On 7 March 2008, the Company raised £6.5 million (before expenses) of additional capital pursuant to a placing which was subscribed to by members of the New Board, a number of financial institutions, high net worth individuals, and senior industry figures.

Company Strategy

The Company's strategy is to create, through acquisition, a UK/European multi product LSHV gaming and entertainment business with a target EBITDA of approximately £50 million within 18 months².

The Directors and Proposed Directors believe that there are a number of factors which suggest that the Company is well positioned to pursue this strategy, namely:

- The fragmented nature of the LSHV gaming market in the UK and Europe;
- The implementation of the Gambling Act in the UK together with other fiscal and regulatory changes elsewhere in Europe. In the UK and elsewhere changes to general gaming specifications and categories have proved difficult for certain smaller operators, who often lack the benefits of the centralised support functions and supplier relationships of a larger operator. The Directors and Proposed Directors believe this will create a strong pipeline of potential acquisition opportunities in target jurisdictions;
- The challenges to the industry presented by the recent Smoking Bans;
- The opportunity to bring together a management team which has expertise in the sector and a track record of implementing successful acquisition and consolidation strategies within the UK and European gaming market; and
- The LSHV gaming products are resilient to an economic downturn. The economic cycle over the last twenty years has shown little evidence that the LSHV sector has suffered in a downturn. The low stake nature of these gaming formats mean customers do not see gaming as a significant part of their leisure expenditure.

The Directors and Proposed Directors believe that the success of any Low Stake High Volume gambling business is greatly dependent on scale and critical mass and that, as the market matures, the larger operators will attract and retain a greater proportion of new customers with their ability to sustain significant capital expenditure programs, promote a common brand across a number of platforms, develop brand loyalty and acquire the latest technology direct from manufacturers.

The Directors and Proposed Directors view the Acquisition as the initial step in the implementation of the Company's strategy.

Information on the Target

(a) Overview

The Target was established in 1972 to operate AGCs and bingo halls and currently operates 31 AGC venues throughout the West Midlands, Essex and South Wales. The Target's core entertainment proposition is the provision of slot machine products with ancillary activities such as low-stake prize bingo which is offered to enhance venue atmosphere and increase footfall. The Target owns 10 of its venues on a freehold basis and the remaining 21 on a leasehold basis with an average lease expiry of eight years.

The Target's gaming business is highly regarded within the UK gaming sector. Its estate has experienced extensive investment in terms of both shop-fitting and gaming machines. The Directors and Proposed Directors believe that the Target is a well run operation which

² This should not be interpreted as a profit forecast

represents an ideal opportunity upon which to develop the Company's AGC division. Following Completion the business will be managed and operated by an experienced team lead by Jonathon Hughes, the new Managing Director of the Company's AGC division. Mr Hughes has over 20 years' experience in high street gaming, and will be supported by Byron Evans as Group Commercial Director. The business has been consistently cash generative with operating cash inflows averaging more than £2.1 million per year over the three years ended 31 March 2008.

With the introduction of the Smoking Ban, the Target's business, along with other English and Welsh AGC operations, suffered falling revenues due to customers no longer being able to smoke on the premises. In September 2007, the implementation of the Gambling Act exacerbated this decline as certain profitable gaming machine formats (Category s16) had to be removed from use. Replacement Category B3 machines were limited to four per licence. The combined effect of these changes meant that revenues fell to their lowest level to date in September 2007. Since September 2007, and in line with other jurisdictions that have experienced a similar Smoking Ban, the Target's revenues have improved. The Directors and Proposed Directors believe that this is due to a number of factors including smokers becoming comfortable with the new restrictions, non-smokers being more inclined to spend time within AGCs and UK gaming machine manufacturers starting to produce innovative equipment which is compliant with the Gambling Act.

(b) The Business

A typical Target AGC venue is located in secondary high street premises covering approximately 1200-1500 square feet of trading floor, operating approximately 40 gaming machines and opening hours from approximately 9.30 am to 8.00 pm, seven days a week. Each site operates Category C low stake slot machine games and higher payout, more profitable Category B3 machines, which have replaced the old Category s16 machines (as described below). The stake and prize levels for the Target's gaming machines are summarised below.

Of the 31 AGC venues that the Target operates, 27 sites are considered to be core branches (being owned by the Target for more than three years) while the remaining four sites are new branches having been added in 2007 and 2008. These new sites are currently maturing to profitability.

The majority of the machines in each of the Target's venues are "low-tech" machines. In the Directors' and Proposed Directors' opinion most AGC customers are less interested in the sophisticated "trail games" that are found in bars or public houses and that require an element of skill in maximising prizes won. Instead they prefer 'low tech' classic slot machines such as "Bar X", a gaming machine format which has remained largely unchanged in the UK for over twenty years. The Directors and Proposed Directors believe that these "low-tech" machines are attractive to an operator as they do not need to be updated as frequently, attract a different player profile and can be depreciated over a longer period than "trail games".

Machine Category Quantity in Estate:

Category B3	152
Category C	684
Category D	250

While the traditional (Category C) slot machine allows a maximum payout of £35, the B3 machine has a much higher maximum payout of £500. B3 machines are significantly more profitable than the lower stake (Category C and D) machines.

Since the introduction of the Gambling Act in September 2007, the Target has operated Category B3 machines. Under the Gambling Act only four B3 machines are allowed in a single premise as opposed to an unlimited number of slot machines allowed under previous legislation. Historically the Target's business had only operated on average five Category s16

machines per venue and so, the introduction of the Gambling Act has had limited impact on the business. The UK Government recently announced that it intends to bring forward the review of stake and prize levels on Category C and D machines from July 2009 to October 2008 and hence the Directors and Proposed Directors believe that this will result in the introduction of new format Category B3 and C machines to the estate.

The Directors and Proposed Directors believe that the quality and atmosphere of the gaming environment at AGC venues is important to customer spend and retention. Staff at each of the Target's outlets provide complimentary food and drink for customers as well as providing change for the machines. Prize bingo is offered in 19 of the venues and represented approximately 14 per cent. of the Target's turnover in the year ended 31 March 2008. As opposed to Cash Bingo, which requires a Gaming Commission licence and may offer unlimited cash prizes, Prize Bingo is played for modest prizes with a maximum cash prize of £50. The maximum stake that may be charged for any one chance to win a prize in a game of Prize Bingo is 50 pence. Prize Bingo is an ancillary promotional activity which the Directors and Proposed Directors believe drives footfall and creates ambience. It is particularly attractive to the C2DE target demographic of the business.

(c) Customers

The Directors and Proposed Directors estimate that the Target's customer base is made up approximately as follows:

- 90 per cent. are repeat customers, who on average spend £20 per visit, normally weekly. These customers are equally male and female, and the Directors and Proposed Directors believe they are strongly influenced by the machine offering, customer service and incentives on offer; and
- 10 per cent. are divided between social customers, who are principally female, spending £10 per visit and customers who are casual, footfall customers, comprising mostly males, with short visit periods and a spend of approximately £25 per visit.

While the Target currently operates a loyalty scheme and maintains a customer database, the Directors and the Proposed Directors believe that it is not actively promoted and does not maximise customer incentivisation. The Company's management team has experience in rolling out such systems and consider this to be an opportunity to maximise customer spend through targeted promotion at venues following Completion.

(d) Management

The Target's business has an experienced middle management team that will remain with the business following Completion and will report to Jonathon Hughes, Aldgate's AGC division Managing Director. Jonathon has significant experience in the sector having built and managed the Royals AGC business which was sold to Talarius plc in 2005. Byron Evans will be responsible for the commercial management of the AGC estate, having carried out a similar role for RAL and Talarius plc.

Excluding directors, the Target currently has over 250 full and part time staff, of which 101 are full time branch operatives and 97 part time operatives. They report to 31 venue supervisors, who in turn are overseen by four full time area managers.

The finance and administration team consists of seven members of staff and is headed up by a Financial Controller who will remain with the business following Completion and will report to Jonathon Hughes and Susan Ball. In addition, the Target also has four full time and two part time service engineers who are responsible for machine maintenance across its AGC venues.

(e) Property

The Target's business operates 31 AGC venues, principally located across the West Midlands, Essex and South Wales. The Target owns the freehold title to 10 of the 31 venues which have been independently valued by Edward Symmons LLP at approximately £5.1 million, in aggregate, on an open market valuation basis.

The remaining 21 venues are leased from third parties and have an average remaining lease of eight years. Five of these properties are leased on an arm's length basis from the Target's pension trust.

(f) Re-branding

Following Completion, the Target's business will be re-branded under the "Cashino" brand. Within three months of Completion it is anticipated that the Target's existing brand name will not be used at any of the 31 venues. The Directors and Proposed Directors believe that this re-branding exercise will drive additional customer footfall due to a promotional campaign that will be carried out in conjunction with the re-branding. The Directors and Proposed Directors believe that this brand development across the estate will increase customer loyalty and spend. The Directors and Proposed Directors do not anticipate that this re-branding exercise will disrupt the business in any material way.

(g) Licences

The Target holds two operating licences which authorise it to make gaming machines available for use at its AGC premises. The Company also holds an operating licence which will authorise it to operate the acquired AGC premises following Completion. Five of the Target's employees have a personal management licence. The Target holds 44 AGC premises licences and licences in respect of a further three sites have been agreed. Of the total 47 licences, 16 are single licences and 31 are multiple licences at single sites.

Under Gambling Commission rules, AGC operators do not require a separate licence to operate Prize Bingo at their AGC premises. The Target only operates Prize Bingo and does not offer Cash Bingo.

(h) Business Development Opportunities

The Directors and Proposed Directors believe that the Target's business is a well managed operation. However, the Aldgate management team has significant operational experience in the AGC sector and in the development of larger gaming groups. In addition they also have a good track record of integrating acquisitions. The Directors and Proposed Directors believe that the Company's management team is well placed to build a large AGC group following their experience at Talarius plc and that it is possible for the Target's business to benefit from a number of key operational changes.

The Directors and Proposed Directors believe that the Company's management team has a good relationship with a number of major machine manufacturers which will enable it to access new and innovative machines on favourable commercial terms. The Directors and Proposed Directors also intend to enhance the overall entertainment environment at each of the Target's venues with customer loyalty programs and increased focus on brand awareness and staff incentivisation schemes. It is notable that the Target is largely a customer service operation but currently has no incentivisation arrangements for any of its client facing staff.

The Target's revenues are driven by the number of people visiting each site and their level of expenditure. The number of visitors depends on the attractiveness of the location, the product on offer and the quality of service provided in comparison with that offered by alternative leisure offerings. The changing mix of gaming products which is subject to the rate of technological innovation by manufacturers is a key driver of the attractiveness of gaming venues to customers. Gaming venues are highly regulated and restricted in their ability to change their product offering, but they can change the location and mix of machines to attract customers. The Directors and Proposed Directors intend to capitalise on these market

characteristics by providing an up-to-date product offering and high levels of customer service in order to help to improve customer retention rates and spend levels.

Since September 2007 the Target's business has been gradually recovering following the introduction of the Smoking Ban and the Gambling Act, with total revenues increasing by 22 per cent. between September 2007 and April 2008 (figures for April 2008 are unaudited). The Directors and Proposed Directors believe that this has been driven by the increasing acceptance of the Smoking Ban by existing (smoking) customers, an increase in non-smoking customers who were previously potential players (and who are now attracted by the smoke-free atmosphere) and the introduction of new gaming machines that are compliant with the Gambling Act. It has been reported that AGC revenues in Scotland, which introduced a ban on smoking in April 2006, have now returned to pre-smoking ban levels.

From September 2007 the new B3 machines have been slowly introduced to the market, following the elimination of Category s16 machines under the Gambling Act. Initially the industry was only able to offer converted Category s16 machines as an interim solution. Since then, the gaming machine manufacturing industry has worked towards bringing to market new game formats designed specifically to comply with the Gambling Act. The Directors and Proposed Directors believe that the introduction of these new B3 machines has started to contribute to the recovery in the AGC market during 2008. In the Board's experience, the regular injection of new and innovative machines is critical to the attractiveness of gaming venues and thus directly impacts on customer retention and spend. With recovering AGC revenues, the Directors and Proposed Directors believe that there will be a revitalisation of sector capital expenditure on new gaming machine development.

The Directors and Proposed Directors intend to seek to increase the number of additional adjoining premises from nine at Completion to twelve by November 2008 in order to increase revenue generating potential. The Directors and Proposed Directors believe that the provision of these additional licences will increase the number of B3 machines across the estate and positively affect net revenues.

In addition the trade association, BACTA, is currently lobbying for an increase in the maximum stake for B3 machines to £2 and for proportionality of machine categories in venues, rather than restricting each site to four B3 machines. The Directors and Proposed Directors believe that revenue growth opportunities arise from legislative change. Under the Gambling Act, the Gambling Commission now has greater flexibility to introduce new legislation which may result in a more timely introduction of such changes although the Directors and Proposed Directors believe that this will remain a slow process in the short term. The next industry review of stake and prize levels for UK gaming machines has been brought forward to October 2008 and will focus on Category C and D, with no review of B3 until after a Gambling Commission report on the use of B2 machines. If this early review results in an increase in stakes or prizes for Category C or D then the Directors and Proposed Directors believe that it will stimulate further revenue growth in the industry.

The Directors and Proposed Directors believe that the Target's business provides an excellent springboard for expansion across the UK machine gaming sector through both acquisitions and greenfield openings. The Directors and Proposed Directors believe that the fragmented nature of the UK AGC and FEC market means there is a significant opportunity for growth through acquisition.

Operational leverage can be generated through the addition of new sites onto the existing Target's operating platform, with cost synergies driven through a single head office function. Alongside the acquisition of AGC and FEC operators, the Directors and Proposed Directors intend to open new greenfield sites in order to capitalise on increased scale. They will also explore the opportunity of relicensing some venues as either electronic betting offices or cash bingo venues in order to expand the scope of the Enlarged Group and further drive organic growth.

The Directors and Proposed Directors believe that the market and ownership characteristics in the LSHV gaming sector in several European countries is similar to that found in the UK.

This may provide the Company with the opportunity to acquire LSHV gaming businesses in European territories and to harness the local management expertise that would be available through such acquisitions.

Summary Financial Information

Set out below is a summary of the financial performance of the Target for the years ending 31 March 2006, 31 March 2007 and 31 March 2008. This information has been extracted from the accountant's report on the Target set out in the Admission Document and should only be read in conjunction with the full text set out therein.

Year ended 31 March

	2006	2007	2008
	£m	£m	£m
Turnover	12.3	13.3	11.0
EBITDA	5.5	5.5	2.9
EBITDA Margin	44.7%	41.4%	26.4%
PBT	4.1	4.2	1.5

Current Trading

The current trading of the Target is in line with expectations of the Directors and Proposed Directors and reflects the continued recovery from the effect of the Smoking Ban and the changes in machine specifications and categories introduced pursuant to the Gambling Act. The Target experienced an initial decline in Period-on-Period revenue across its sites, falling to the lowest level to date in September 2007 (i.e. immediately following the introduction of the Gambling Act and representing a 31 per cent. decline in core site Period-on-Period revenue). Revenues improved to a 16 per cent. decline in core site Period-on-Period revenues at the end of April 2008 (the date of the last available management accounts) representing a 22 per cent. increase in absolute revenues compared to September 2007. Despite seasonal influences, the Directors and Proposed Directors believe that trading since April is in line with the general trend in revenues compared to the low revenue levels experienced following the Smoking Ban and introduction of the Gambling Act.

The Directors and Proposed Directors believe the following factors may contribute to a recovery in the Target's performance:

- Smokers are becoming accustomed to a smoke free environment and non-smoking customers are newly attracted to the smoke-free venues; and
- New gaming machine formats are starting to improve revenues following the change in machine gaming classifications in September 2007 pursuant to the Gambling Act. The Target now has the ability to introduce new electronic gaming machine formats, which are becoming more widely available following the annual Amusement Trade Exhibition International fair held in January 2008.

Key Investment Strengths

Springboard business

The Directors and Proposed Directors believe that the Target's business has been historically well managed. This is an attractive factor in a platform business as minimal additional investment or operational change will be required. As such, the management can immediately focus on further acquisitions and the development of the AGC division.

Strong market position

Thirteen of the Target's venues are the only AGCs operating in their respective town or city and therefore enjoy a strong competitive position in those locations.

Consistently cash generative

The Target has generated operating cash flows averaging more than £2.0 million a year over its last three financial years. Notwithstanding that revenue is still recovering and the Target requires additional capital expenditure on further licensed areas and replacement gaming machines, the Directors and Proposed Directors believe that the Target will remain cash generative.

Organic growth opportunities

Following significant capital expenditure funded prior to new licences being obtained, the Directors and Proposed Directors believe that there will be at least 12 licenced premises (adjacent to existing premises on the same site) in operation by November 2008. Under the new licensing legislation each of these sites will be able to operate four additional Category B3 machines which is the most cash generative gaming machine format. The Directors and Proposed Directors also intend to open a number of greenfield sites in carefully selected locations. Four new branches were added to the portfolio in 2007 and the first quarter of 2008 and these are currently undergoing a maturing process.

Acquisition opportunities

Given its fragmented nature and the current challenging market environment, the Directors and Proposed Directors believe that the UK AGC and FEC sectors provide an ideal opportunity for consolidation. The administrative burden for current owners of adjusting to current and future change will drive acquisition opportunities at the small, independent owner end of the UK market.

Proven management team

The Aldgate management team has a strong track record of executing a consolidation strategy in the UK AGC sector. The Directors and Proposed Directors believe that their experience in the innovation and integration of gaming businesses and strong relationships within the industry will drive the growth of the AGC division.

Significant property portfolio

The Target owns the freehold title to ten of its venues. These properties have been independently valued, in aggregate, at £5.1 million by Edward Symmons on an open market valuation basis. In addition the Group has 21 leasehold properties with an average lease expiry of eight years.

Rationale for the Acquisition

The strategy of the Company is to create, through acquisition, a UK/European multi product LSHV gaming and entertainment business with a target EBITDA of approximately £50 million within 18 months. The Target provides the Enlarged Group with an initial base business of approximately 1,000 machines across 31 locations which enjoy a strong competitive market position. From this base, the Directors and Proposed Directors believe that the Enlarged Group will have the credibility, scale and operational platform to enable it to pursue further acquisition opportunities, actively managing procurement terms and financing, and ensuring best practice site operation. The Directors and Proposed Directors believe that the Target's business provides an excellent springboard for expansion across the UK machine gaming sector through both acquisitions and greenfield openings.

The current challenging operating environment has acted as a catalyst for the sale of gaming companies in the UK, creating a strong pipeline of potential acquisition targets. As a result, the New Board believes that it is important to move quickly in order to take advantage of these opportunities. With an AGC business of increasing scale and brand awareness, the Directors and Proposed Directors believe that they will be presented with a number of attractive acquisition opportunities.

Aldgate will deliver an experienced management team to the Target's business which has demonstrated its ability to build a successful LSHV gaming business through acquisition and organic growth. The Directors and Proposed Directors believe that the property expertise of the Aldgate management will enhance the growth opportunities of the Target's business and

that, as detailed above, there are a number of operational improvements which can be made following Completion.

Prospects for the Enlarged Group

Following Completion, the Directors and Proposed Directors believe that the Enlarged Group will be well positioned to capitalise on further consolidation opportunities in the UK and European LSHV gaming sector.

Opportunities to make further complementary acquisitions have been identified by the Directors and Proposed Directors and, following Completion, the New Board will seek to progress these opportunities.

The Directors and Proposed Directors believe that the success of an LSHV gaming business is greatly dependent on scale and that, as the market matures, larger operators will attract and retain a greater proportion of new customers. The Directors and Proposed Directors believe that, with further acquisitions, the Enlarged Group will be well positioned to benefit from the following economies of scale.

- (i) Access to product – Larger operators will enjoy better relationships with manufacturers due to their increased buying power. The ability to source the best quality and most recent gaming products is critical to customer retention for any gaming medium. Increased buying power should also generate more favourable commercial terms.
- (ii) High operating leverage – The cost base of an AGC gaming business is predominantly fixed. This leads to attractive operating leverage as costs can be controlled in relation to revenue growth and, as the scale of the business increases, operating margins improve significantly.
- (iii) Developed regulatory structure – In a highly regulated industry the ability to respond to changes in legislation and effectively manage the inherent additional administrative cost provides opportunity for a competitive advantage.
- (iv) Diversity of earnings – A gaming group operating through a diverse range of gaming mediums is less exposed to a downturn in certain sectors (e.g. online gaming is subject to different dynamics to the high street and has not lost revenues with the introduction of the Smoking Ban). In addition, in Europe, where there is no consistent approach to gaming regulation among the member states, a counter cyclical position can be achieved. This will enable a diversified group to benefit from less volatile cash flows and therefore maintain capital expenditure programs that are critical to the attractiveness of gaming sites and thus improving customer retention.
- (v) Brand – The creation of a large brand across a number of gaming mediums should enhance the community offering of the Enlarged Group. This should lead to greater customer loyalty and spend as customers associate with a more widely recognised brand.
- (vi) Cross-selling opportunities – Through targeted marketing programs the Directors and Proposed Directors believe that an opportunity exists to cross-sell across product offerings (for example bingo to slot machine players) and across media (for example online products to offline customers and vice versa). The Directors and Proposed Directors believe that the effectiveness of a customer loyalty program grows as it encompasses a wider offering. This extension of the customer base into different products is not expected to cannibalise revenues as it is an extension of the entertainment proposition.
- (vii) Access to future acquisitions – The Directors and Proposed Directors believe that with a larger, more recognised brand, increased management relationships and

greater industry awareness, the New Board will gain access to increased numbers of acquisition opportunities.

- (viii) Market convergence – the Directors and Proposed Directors believe that there is scope for substantial convergence among the LSHV segments particularly on the high street through the integration of slot gaming, sports betting and bingo businesses, and that the refinement of gaming machine software and control systems will be a key driver of profitability. The AGC division will be lead by Jonathon Hughes who has significant experience in the AGC sector. Nicholas Harding, with his extensive knowledge of the LSHV gaming sector and significant industry presence, will manage the overall strategy of the Enlarged Group.

Principal terms of the Acquisition

Under the terms of the Acquisition Agreement, Aldgate has conditionally agreed, subject to, inter alia, the passing of the Resolutions and Second Admission, to acquire the entire issued share capital of the Target ("Target Shares") on the completion date from the Vendors who have agreed to sell or procure the sale of the Target Shares to Aldgate. The consideration payable to the Vendors is £25.0 million (on a cash free, debt free basis subject to an agreed two-way net asset adjustment and an adjustment for any pre-Completion VAT Repayments) comprising £22.0 million payable in cash which will be funded through a combination of the net proceeds of the Placings, the Debt Facility and the Company's existing cash resources and £3.0 million to be satisfied by the issue of the Consideration Shares. The Consideration Shares will, following Second Admission, rank *pari passu* with the Existing Shares and will have the right to receive all dividends and other distributions declared, made or paid in respect of the issued Ordinary Share Capital of the Company after Second Admission.

Aldgate and the Vendors have agreed a tax covenant pursuant to which the Vendors will indemnify Aldgate for all pre-Completion tax liabilities of the Target Group subject to customary limitations. In addition the net asset adjustment is to include, inter alia, £1.0 million with regards to extra tax and fees for the benefit of the Vendors.

Under the terms of the Acquisition Agreement, the Vendors have given certain customary warranties in respect of certain business, taxation and other matters subject to agreed limitations on liability. The Acquisition Agreement is conditional inter alia upon the passing of the Resolutions at the General Meeting and the Placing Agreement and separately the Facility Agreement each becoming unconditional (in each case save for any condition relating to Admission or Completion) and not being terminated prior to Second Admission. Assuming all other conditions are satisfied and that the Placing Agreement has not been terminated in accordance with its terms, the Acquisition will complete upon Second Admission.

Jonathan Shipley, being the only Vendor who will hold Consideration Shares following Admission, has agreed not to dispose of any of his interests in 9,090,908 Consideration Shares for a period of 12 months following Admission and, for a further 12 month period, only to dispose of such shares through Numis Securities or the brokers for the time being of the Company in such a way as to maintain an orderly market. In addition, he has agreed that for a period of 12 months following Admission, he will only dispose of the remaining 4,545,456 Consideration Shares through Numis Securities or the brokers for the time being of the Company. Further details of the principal terms of the Acquisition Agreement are set out in the document that has been circulated to shareholders and prospective investors.

Definitions

- "Acquisition" means the proposed acquisition by Aldgate of the entire issued share capital of HJM and E&J pursuant to the Acquisition Agreement
- "Acquisition Agreement" means the conditional agreement dated 4 July 2008 between (1) Aldgate and (2) the Vendors, relating to the

	Acquisition
"Admission"	means: (i) in relation to the admission of the VCT Placing Shares, First Admission; and (ii) in all other respects including in relation to the Acquisition and/or the admission of the General Placing Shares and Consideration Shares, the Existing Shares and the re-admission of the VCT Placing Shares, Second Admission
"Admission Document"	means the admission document to published by the Company on 7 July 2008
"AIM"	means AIM, a market operated by the London Stock Exchange
"AIM Rules"	means the AIM Rules for companies and the guidance notes relating to AIM published by the London Stock Exchange as amended from time to time
"Bank"	means Barclays Bank plc
"Company" or "Aldgate"	means Aldgate Capital plc
"Completion"	means completion of the Acquisition in accordance with the Acquisition Agreement
"Consideration Shares"	means the 13,636,364 Ordinary Shares to be issued by Aldgate in accordance with the terms of the Acquisition Agreement
"Debt Facility"	means £3,795,000 term loan provided by the Bank pursuant to the Facility Agreement
"Directors" or "Board"	means the Directors of the Company for the time being and any duly constituted committee of the Board of Directors and as applicable any successors to those members as may be appointed from time to time
"Edward Symmons"	means Edward Symmons LLP
"Enlarged Group"	means the Company and its subsidiaries and subsidiary undertakings immediately following Completion
"Enlarged Share Capital"	means the issued ordinary share capital of the Company, comprising the Existing Shares and the New Ordinary Shares
"Existing Shares"	means the Ordinary Shares in issue at 7 July 2008
"Facility Agreement"	means the conditional facility agreement dated 4 July 2008 between, amongst others, (i) the Bank and (ii) the Company relating to the provision of the Debt Facility
"Financial Services Authority"	means the Financial Services Authority of the United Kingdom
"First Admission"	means admission of the VCT Placing Shares to trading on AIM and such admission becoming effective in accordance with the AIM Rules
"General Meeting" or "Meeting"	means the General Meeting of the Company to be held at 10 a.m. on 23 July 2008
"General Placing"	means the proposed conditional placing by Numis Securities of the General Placing Shares with certain institutional and other investors at the Placing Price pursuant to the Placing Agreement
"General Placing Shares"	means 56,613,637 new Ordinary Shares to be issued by

	the Company pursuant to the General Placing
"Health Act 2006"	means the Health Act 2006, as amended, of the United Kingdom
"Key Executives"	means the proposed key executive management team of the Company, being Nicholas Harding, Susan Ball, Jonathon Hughes and Byron Evans together with any new employees that join the Enlarged Group from time to time designated as such by the remuneration committee
"London Stock Exchange"	means London Stock Exchange plc
"New Board"	means the Directors and Proposed Directors
"New Ordinary Shares"	means the Placing Shares and the Consideration Shares
"Numis Securities"	means Numis Securities Limited which is authorised and regulated in the UK by the Financial Services Authority
"Ordinary Shares" or "Shares"	means ordinary shares of 10 p each in the Company
"Placing"	means the VCT Placing and the General Placing
"Placing Agreement"	means the conditional placing agreement dated 4 July 2008 between (1) the Company, (2) Numis Securities, (3) the Directors and (4) the Proposed Directors relating to the Placing
"Placing Price"	means 22p per Placing Share
"Placing Shares"	means the VCT Placing Shares and the General Placing Shares
"Pounds Sterling", "£" or "Sterling"	means the lawful currency of the United Kingdom
"Proposed Directors"	means Sue Ball and Blair Sinton
"Resolutions"	means the resolutions contained in the notice convening the Meeting which is set out in the Admission Document
"Shareholders"	means holders of Ordinary Shares in the Company's register of shareholders, each individually being a "Shareholder"
"Second Admission"	means the re-admission of the Existing Shares and the VCT Placing Shares and the admission of the General Placing Shares and the Consideration Shares to trading on AIM and such re-admission and admission becoming effective in accordance with the AIM Rules
"Target"	means H.J.M. Caterers Limited and E&J Hall Investments Limited
"Target Group"	means the Target and their respective subsidiary undertakings at the date of the Admission Document
"UK" or "United Kingdom"	means United Kingdom of Great Britain and Northern Ireland
"VAT"	means United Kingdom value added tax
"Vendors"	means those persons identified and described as "Vendors" in the Acquisition Agreement
"VCT"	means a venture capital trust for the purposes of Part 6 of the Income Tax Act 2007
"VCT Placing"	means the proposed conditional placing by Numis Securities of the VCT Placing Shares with certain institutional and other investors at the Placing Price

pursuant to the Placing Agreement

"VCT Placing Shares"

means 19,318,182 new Ordinary Shares to be issued by the Company pursuant to the VCT Placing

Glossary

AGC	means Adult Gaming Centre as defined in the Gambling Act. Under the Act, AGCs are defined as premises in respect of which an adult gaming centre premises licence has effect
BACTA	British Amusement Catering Trade Association. Trade association in the gaming arena and voice of the pay-to-play leisure industry
Bingo	refers to a game of chance in which randomly selected numbers are drawn and players match those numbers to those appearing on matrices which are printed or electronically represented and are known as "cards." The first person to have a card where the drawn numbers form a specified pattern is the winner
C2DE	Demographic Classification System developed by the NRS (National Readership Survey) and used in the UK and Republic of Ireland. C2DE groups the skilled working class (C2), working class (D) and underclass (E)
Cash Bingo	Bingo which requires a Gaming Commission license and may offer unlimited cash prizes
Cashino	means the new brand given to the 31 Target sites post completion
Category B3 or B3 machines	means a type of gaming machine licensed by the Gambling Act with a maximum stake of £1 and a maximum prize value of £500
Category B4	means a type of gaming machine licensed by the Gambling Act with a maximum stake of £1 and a maximum prize value of £250
Category C	means a type of gaming machine licensed by the Gambling Act with a maximum stake of 50p and a maximum prize value of £35
Category D	means a type of gaming machine licensed by the Gambling Act with a maximum stake of 30p and a maximum prize value of £8 (if non-money prize machine); a maximum stake of 10p and a maximum prize value of £5 (if money-prize machine); a maximum stake of 10p and a maximum prize value of £8, of which no more than £5 can be a money prize (in any other case)
Category s16	means a type of gaming machine licensed pursuant to section 16 of the LAA. Replaced by B3 machines following the 2005 Gambling Act
FEC	refers to a family entertainment centre as defined in the 2005 Gaming Act. In this Act, family entertainment centre means premises (other than an adult gaming centre) wholly or mainly used for making gaming machines available for use and licensed family entertainment centre means premises in respect of which a family entertainment centre premises licence has effect
FOBT	means Fixed Odds Betting Terminal. Replaced in September 2007 by Category B2 machines following the Gambling Act
Gambling Act	refers to the Gambling Act 2005
Gambling Commission	means the Commission set up under the Gambling Act for the purposes of regulating casinos, bingo, gaming machines and

	lotteries in Great Britain
Greenfield	refers to the opportunity to develop an undeveloped site
LAA	means the Lottery and Amusements Act 1976 (as amended)
LA 2003	means the Licensing Act 2003 (as amended)
LBO	means Licensed Betting Office
LSHV	means Low Stake High Volume Gaming Offers
Period on Period	when referring to revenue growth means the growth in revenue of a particular four week period over the same period in the preceding year
Prize Bingo	Bingo that is played for modest prizes with a maximum cash prize of £50. The maximum stake that may be charged for any one chance to win a prize in a game of prize bingo is 50 pence.
RAL	means RAL Holdings Limited
Slots	means traditional slot machines
Smoking Ban	<p>England: under the Health Act 2006, smoking in public places was banned from 1 July 2007.</p> <p>Wales: under the Health Act 2006 and The Smoke-Free Premises, etc. (Wales) Regulations 2007, smoking was banned in enclosed public places from 2 April 2007.</p> <p>Scotland: under the Smoking, Health and Social Care (Scotland) Act 2005 and The Prohibition of Smoking in Certain Premises (Scotland) Regulations 2006, smoking was banned in certain premises from 26 March 2006.</p> <p>Northern Ireland: under The Smoking (Northern Ireland) Order 2006, smoking was banned in enclosed and substantially enclosed workspaces and public places from 30 April 2007.</p>
Sports and Pool Betting	refers to pool competitions which involves pooling the stakes of the participants, deducting a proportion of the stakes to cover expenses, tax and operator's profits, and, when the result is known, sharing the remainder of the prize pool among the winners. The most common form of pools, or pool competition in Great Britain is the football pools. The horseracing Tote and the totalisators at greyhound tracks are also forms of pool betting