

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document or as to what action you should take, you are recommended to seek your own personal financial advice from your stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised under the Financial Services and Markets Act 2000, as amended, if you are taking advice in another jurisdiction, from an appropriately authorised independent professional adviser.**

If you have sold or otherwise transferred all of your Ordinary Shares in Praesepe plc you should deliver this document together with the enclosed Form of Proxy as soon as possible to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee. However, this document and any accompanying documents should not be sent or transmitted in, or into, any jurisdiction where to do so might constitute a violation of local securities law or regulations.

**Application will be made for the Placing Shares to be admitted to trading on AIM. It is expected that Admission will become effective and that dealings will commence in the New Ordinary Shares by 8.00 a.m. on 31 March 2010. AIM is a market designed primarily for emerging and smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the Official List of the United Kingdom Listing Authority. A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser. Neither the London Stock Exchange plc nor the United Kingdom Listing Authority have examined or approved the contents of this document. This document does not constitute a recommendation regarding securities of the Company.**

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# **Praesepe plc**

*(Incorporated and registered in England and Wales with company number 5745526)*

**Placing of 80,000,000 new Ordinary Shares at 7.5 pence per share**

**Amendment to Loan Note Instruments**

**Approval of Rule 9 Waiver by the Takeover Panel**

**Proposed Share Capital Reorganisation**

**Notice of General Meeting**

**Nominated Adviser and Broker and Rule 3 Adviser**

**Oriel Securities Limited**

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This document should be read as a whole. Your attention is drawn to the letter from the Independent Directors of Praesepe plc which is set out in this document and which recommends that you vote in favour of the Resolution and the Rule 9 Waiver Resolution to be proposed at the General Meeting referred to below.

This document does not constitute an offer of securities and is accordingly not an approved prospectus for the purposes of, and as defined in, section 85 of the UK Financial Services and Markets Act 2000 (as amended) and has not been prepared in accordance with the Prospectus Rules, nor has it been approved by the FSA or by any other authority which could be a competent authority for the purposes of the Prospectus Rules. In addition, this document does not constitute an admission document drawn up in accordance with the AIM Rules.

**Notice of a General Meeting of the Company to be held at the offices of Jones Day, 21 Tudor Street, London EC4Y 0DJ at 10.00 a.m. on 1 March 2010 is set out at the end of this document. A Form of Proxy for use at the meeting is enclosed with this document and should be returned as soon as possible and in any event so as to be received by the Company's registrars, Capita Registrars (Proxies), The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU by 10.00 a.m. on 25 February 2010. Completion and posting of the Form of Proxy will not prevent a shareholder from attending and voting in person at the General Meeting.**

The New Ordinary Shares to be issued will, following their issue, rank *pari passu* with the Existing Ordinary Shares and will rank in full for all dividends and other distributions thereafter declared, made or paid on the ordinary share capital of the Company.

**The New Ordinary Shares have not been, nor will be, registered under the United States Securities Act of 1933 (as amended) or under the securities laws of any state of the United States or qualify for distribution under any of the relevant securities laws of Canada, Australia, the Republic of South Africa or Japan. Shareholders outside the UK and any person (including, without limitation, custodians, nominees and trustees) who has a contractual or other legal obligations to forward this document to a jurisdiction outside the UK should seek appropriate advice before taking any action.**

Oriel Securities Limited, which is authorised and regulated in the United Kingdom by the FSA, is acting as the Company's nominated adviser and broker in relation to the Proposals and Rule 3 adviser in relation to the Rule 9 Waiver, the Marwyn Proposal and the Proposals and is acting exclusively for the Company in connection with the proposals described in this document and will not be responsible to any other person for providing the protections afforded to customers of Oriel Securities Limited or for advising any other person on the contents of this document or any transaction or arrangement referred to therein. Oriel Securities Limited has not authorised the contents of any part of this document for the purposes of the AIM Rules. Oriel Securities Limited's responsibilities as the Company's nominated adviser under the AIM Rules for Nominated Advisers are owed solely to the London Stock Exchange plc and are not owed to the Company or to any Director, shareholder or to any other person in respect of his decision to acquire shares in the Company in reliance on any part of this document. No representation or warranty, express or implied, is made by Oriel Securities Limited as to any of the contents of this document.

This document contains (or may contain) certain forward-looking statements with respect to the Company and certain of its current goals and expectations relating to its future financial condition and performance and which involve a number of risks and uncertainties. The Company cautions readers that no forward-looking statement is a guarantee of future performance and that actual results could differ materially from those contained in the forward-looking statements. These forward-looking statements sometimes use words such as "aim", "anticipate", "target", "expect", "estimate", "intend", "plan", "goal", "believe", or other words of similar meaning. Examples of forward-looking statements include statements regarding or which make assumptions in respect of the working capital which will be needed by the Group to fund its operations for the next 12 months. By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances, including, but not limited to, economic and business conditions, the effects of continued volatility in credit markets, market-related risks such as changes in the price of oil or changes in interest rates and foreign exchange rates, the policies and actions of governmental and regulatory authorities, changes in legislation, the further development of standards and interpretations under International Financial Reporting Standards ("IFRS") applicable to past, current and future periods, evolving practices with regard to the interpretation and application of standards under IFRS, the outcome of pending and future litigation or regulatory investigations, the success of future exploration, acquisitions and other strategic transactions and the impact of competition. A number of these factors are beyond the Company's control. As a result, the Company's actual future results may differ materially from the plans, goals and expectations set forth in the Company's forward-looking statements. Any forward-looking statements made in this document by or on behalf of the Company speak only as at the date they are made. Except as required by the Financial Services Authority, the London Stock Exchange plc or applicable law, the Company expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements contained in this document to reflect any changes in the Company's expectations with regard thereto or any changes in events, conditions or circumstances on which any such statement is based.

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## DEFINITIONS

|  |   |
|--|---|
| <b>“Act”</b>                                       | the Companies Act 2006  |
| <b>“Admission”</b>                                 | the admission of the New Ordinary Shares to trading on AIM and such admission becoming effective in accordance with the AIM Rules                               |
| <b>“AIM”</b>                                       | the AIM market operated by the London Stock Exchange  |
| <b>“AIM Rules”</b>                                 | the “AIM Rules for Companies” published by the London Stock Exchange governing admission to, and the operation of, AIM  |
| <b>“Articles” or the “Articles of Association”</b> | the articles of association of the Company  |
| <b>“CIC”</b>                                       | Co-Investment Capital LLP   |
| <b>“Company” or “Praesepe”</b>                     | Praesepe plc  |
| <b>“Conversion”</b>                                | the conversion of the outstanding Loan Notes into Ordinary Shares   |
| <b>“Conversion Conditions”</b>                     | the conditions to Conversion as set out in paragraph 5 of Part I of this document   |
| <b>“Conversion Price”</b>                          | currently 10 pence per Ordinary Share or, following the Placing, as adjusted pursuant to the terms of the Loan Note Instruments, 9.375 pence per Ordinary Share |
| <b>“Conversion Rights”</b>                         | the right to convert the Loan Notes and/or interest accrued but unpaid thereon into Ordinary Shares in accordance with the Loan Note Instruments                |
| <b>“Conversion Shares”</b>                         | the 116,321,845 Ordinary Shares that may be issued at the Conversion Price upon Conversion to holders of the Loan Notes if held to maturity                     |
| <b>“Deferred Shares”</b>                           | deferred shares of 9 pence each in the capital of the Company, arising pursuant to the Sub-Division   |
| <b>“this document”</b>                             | this document   |
| <b>“Directors” or the “Board”</b>                  | the directors of Praesepe whose names are set out on page 21 of this document   |
| <b>“Enlarged Share Capital”</b>                    | the Existing Ordinary Shares and the Placing Shares   |
| <b>“Existing Ordinary Shares”</b>                  | the 220,113,638 Ordinary Shares in issue at the date of this document   |
| <b>“Form of Proxy”</b>                             | the form of proxy enclosed with this document for use by the Shareholders in connection with the General Meeting  |
| <b>“FSA”</b>                                       | the UK Financial Services Authority   |
| <b>“General Meeting”</b>                           | the general meeting of the Company convened for 10 a.m. on 1 March 2010, notice of which is set out at the end of this document                                 |
| <b>“Group”</b>                                     | the Company and its subsidiaries and subsidiary undertakings at the date of this document   |

|                                       |  |
|---------------------------------------|--|
| <b>“Independent Directors”</b>        | Nicholas Simon Harding, Matthew Frederick Proctor and Charles Blair Ritchie Sinton   |
| <b>“Independent Shareholders”</b>     | Shareholders other than MVI  |
| <b>“Loan Note Instruments”</b>        | the Marwyn Loan Note Instrument and the Proctor Loan Note Instrument   |
| <b>“Loan Notes”</b>                   | the Marwyn Loan Notes and the Proctor Loan Notes   |
| <b>“London Stock Exchange”</b>        | London Stock Exchange plc  |
| <b>“Marwyn”</b>                       | Marwyn Investments Group Limited   |
| <b>“Marwyn Capital”</b>               | Marwyn Capital LLP   |
| <b>“Marwyn Conversion Rights”</b>     | the right of MVI to exercise Conversion Rights   |
| <b>“Marwyn GP Directors”</b>          | David Jeffreys Williams, Paul Cookson and Michael Price  |
| <b>“Marwyn Loan Note Instrument”</b>  | the instrument dated 19 October 2009 constituting £6,500,000 unsecured subordinated convertible loan notes of £1 each of the Company   |
| <b>“Marwyn Loan Notes”</b>            | the £6,470,000 loan notes still outstanding held by MVI constituted by the Marwyn Loan Note Instrument   |
| <b>“Marwyn Placing Participation”</b> | the subscription by MVI for 17,422,578 Placing Shares pursuant to the Placing  |
| <b>“Marwyn Proposal”</b>              | the approval of the Marwyn Conversion Rights   |
| <b>“MVI”</b>                          | Marwyn Value Investors L.P. (formerly Marwyn Neptune Fund L.P.)  |
| <b>“New Ordinary Shares”</b>          | new ordinary shares of 1 pence each in the capital of the Company, to be issued pursuant to the Placing and arising pursuant to the Sub-Division   |
| <b>“Notice of General Meeting”</b>    | the notice convening the General Meeting, which is set out at the end of this document   |
| <b>“Ordinary Shares”</b>              | ordinary shares of 10 pence each in the share capital of the Company and following the Sub-Division, the ordinary shares of 1 pence each in the share capital of the Company   |
| <b>“Oriell Securities”</b>            | Oriell Securities Limited  |
| <b>“Panel”</b>                        | the Panel on Takeover and Mergers  |
| <b>“Placing”</b>                      | the proposed conditional placing of the Placing Shares at the Placing Price pursuant to the Placing Agreement  |
| <b>“Placing Agreement”</b>            | the conditional agreement dated 12 February 2010 between the Company and Oriell Securities relating to the Placing, further details of which are set out in paragraph 4 of Part I and paragraph 7.A.8 of Part III of this document |
| <b>“Placing Letter”</b>               | the letters despatched by Oriell Securities to prospective placees in connection with the Placing  |
| <b>“Placing Price”</b>                | 7.5 pence per Placing Share  |

|                                       |  |
|---------------------------------------|--|
| <b>“Placing Shares”</b>               | the 80,000,000 new ordinary shares of 1 pence each in the capital of the Company to be issued to investors pursuant to the Placing   |
| <b>“Proctor Loan Note Instrument”</b> | the instrument dated 27 November 2009 constituting £30,000 unsecured subordinated convertible loan notes of £1 each of the Company   |
| <b>“Proctor Loan Notes”</b>           | the £30,000 loan notes held by Matthew Proctor constituted by the Proctor Loan Note Instrument   |
| <b>“Proposals”</b>                    | the Placing, the Reorganisation, the amendment to the Loan Note Instrument, the authorities to be granted under sections 551 and 571 of the Act to allow the Conversion Rights to be exercised (subject to passing of the Rule 9 Waiver Resolution) and Admission                              |
| <b>“Prospectus Rules”</b>             | the Prospectus Rules published by the FSA  |
| <b>“Reorganisation”</b>               | the proposed reorganisation of the share capital of the Company as described in the letter from the Chairman and pursuant to the Resolution set out in the Notice of General Meeting   |
| <b>“Resolution”</b>                   | the resolution voted on by Shareholders at the General Meeting in relation to the Proposals  |
| <b>“Rule 9 Waiver”</b>                | the waiver granted by the Panel (further details of which are set out on page 16 of this document) of the obligations of MVI to make a general offer under Rule 9 of the Takeover Code which may otherwise arise as a consequence of the issue of new Ordinary Shares following the Conversion |
| <b>“Rule 9 Waiver Resolution”</b>     | the resolution to be voted on by Independent Shareholders in connection with the Rule 9 Waiver   |
| <b>“Shareholders”</b>                 | holders of Ordinary Shares   |
| <b>“Sub-Division”</b>                 | the proposed sub-division of each of the issued Existing Ordinary Shares into one Ordinary Share of 1 pence and one Deferred Share of 9 pence  |
| <b>“Suspension”</b>                   | the suspension of the Company’s share capital on AIM, announced today  |
| <b>“Takeover Code” or “Code”</b>      | the City Code on Takeover and Mergers issued by the Panel  |
| <b>“UK”</b>                           | the United Kingdom of England, Scotland, Wales and Northern Ireland  |

## GLOSSARY

|  |   |
|--|---|
| <b>AGC</b>                                 | means Adult Gaming Centre as defined in the Gambling Act. Under the Gambling Act, AGCs are defined as premises in respect of which an adult gaming centre premises licence has effect |
| <b>BACTA</b>                               | means British Amusement Caterers Trade Association  |
| <b>Category B3 machines or B3 machines</b> | refers to the types of gaming machines licenced by the Gambling Act with a maximum stake of £1 and a maximum prize value of £500  |
| <b>Category C machines</b>                 | refers to the type of gaming machine licenced by the Gambling Act with a maximum stake of £1 and a maximum prize value of £70   |
| <b>FEC</b>                                 | Family Entertainment Centre   |
| <b>Gambling Act</b>                        | refers to the Gambling Act 2005   |
| <b>LSHV</b>                                | means Low Stake High Volume gaming offers   |

## EXPECTED TIMETABLE OF PRINCIPAL EVENTS

|  |                                |
|--|--------------------------------|
| Publication of this document   | 12 February 2010               |
| Latest time and date for receipt of completed Forms of Proxy   | 10.00 a.m. on 25 February 2010 |
| General Meeting  | 10.00 a.m. on 1 March 2010     |
| Record date for the Reorganisation   | 1 March 2010                   |
| Admission effective and dealings commence in the Placing Shares on AIM and credit of CREST accounts (where applicable) | by 31 March 2010               |
| Share certificates of Placing Shares dispatched (where applicable)   | by 7 April 2010                |

### Notes:

Each of the dates in the above timetable is subject to change at the absolute discretion of the Company. If any of the details should change, the revised times and/or dates will be notified to Shareholders by means of an announcement through a Regulatory Information Service.

All events in the above timetable following the General Meeting are conditional upon approval by Shareholders of the Resolution and by Independent Shareholders of the Rule 9 Waiver Resolution to be proposed at the General Meeting.

All references are to London time unless otherwise stated.

## PLACING STATISTICS

|  |               |
|--|---------------|
| Placing Price  | 7.5p          |
| Number of Existing Ordinary Shares   | 220,113,638   |
| Number of Existing Ordinary Shares as a percentage of Enlarged Share Capital                 | 73.3%         |
| Number of New Ordinary Shares in issue following the Sub-Division                            | 220,113,638   |
| Number of Deferred Shares in issue following the Sub-Division                                | 220,113,638   |
| Number of Placing Shares   | 80,000,000    |
| Number of New Ordinary Shares in issue following Admission                                   | 300,113,638   |
| Number of Placing Shares as a percentage of Enlarged Share Capital                           | 26.7%         |
| Estimated gross proceeds of the Placing  | £6 million    |
| Estimated net proceeds of the Placing  | £5.7 million  |
| Market Capitalisation of the Company on Admission of the Placing Shares at the Placing Price | £22.5 million |

## MVI STATISTICS

|  |             |
|--|-------------|
| Number of Existing Ordinary Shares held by MVI as at the date of this document   | 84,681,819  |
| Number of New Ordinary Shares to be held by MVI immediately following the Placing (assuming no Conversion)   | 102,104,397 |
| Number of New Ordinary Shares to be held by MVI following the Placing as a percentage of the Enlarged Share Capital (assuming no Conversion)                                       | 34.0%       |
| Number of New Ordinary Shares to be held by MVI assuming full Conversion   | 200,973,299 |
| Number of New Ordinary Shares to be held by MVI assuming full Conversion as a percentage of the Existing Ordinary Shares and the Conversion Shares                                 | 59.7%       |
| Number of New Ordinary Shares to be held by MVI immediately following the Placing and assuming full Conversion   | 372,517,133 |
| Number of New Ordinary Shares to be held by MVI immediately following the Placing and assuming full Conversion as a percentage of Enlarged Share Capital and the Conversion Shares | 46.8 %      |

## PART I

# LETTER FROM THE INDEPENDENT DIRECTORS OF PRAESEPE PLC

## PRAESEPE PLC

*(incorporated and registered in England and Wales under the Act with registered number 5745526)*

*Independent Directors:*

Nicholas Simon Harding (*Chief Executive Officer*)  
Matthew Frederick Proctor (*Chief Financial Officer*)  
Charles Blair Ritchie Sinton (*Non-Executive Director*)

*Registered Office:*

201 Bishopsgate  
London  
EC2M 3AF

12 February 2010

Dear Shareholder,

**Placing of 80,000,000 new Ordinary Shares at 7.5 pence per share  
Amendment to Loan Note Instruments  
Proposed Share Capital Reorganisation  
Approval of Rule 9 Waiver by the Takeover Panel**

**Notice of General Meeting**

### **1. Introduction**

The Company announced today that it proposes to raise approximately £6 million (before expenses) in a placing to existing and new shareholders. The Placing will involve the issue of 80,000,000 Placing Shares at a price of 7.5 pence per Placing Share. Immediately following the Placing, there will be a total of 300,113,638 Ordinary Shares in issue. The Placing is conditional, *inter alia*, upon the passing of the Resolution by Shareholders and the Rule 9 Waiver Resolution by Independent Shareholders at the General Meeting and Admission of the Placing to trading on AIM taking place by no later than 31 March 2010.

In addition, further to the Company's announcement today, the Company's share capital has been suspended by the London Stock Exchange pending clarification of a potential reverse takeover. As such, Admission will not occur until the Suspension ceases to be effective. It is expected that the Suspension will be lifted and trading in the Ordinary Shares will recommence upon either: (i) the publication of an admission document to be prepared by the Company in connection with Project A in respect of the enlarged group (as detailed below); or, (ii) the announcement by the Company that it no longer intends to proceed with Project A.

The Board is also seeking the approval of the Shareholders to reorganise the share capital of the Company and to enable the conversion of the Loan Notes into Ordinary Shares and, in addition, the approval of the Independent Shareholders of a waiver proposed to be granted by the Panel of any obligation on the part of MVI to make a general offer to Shareholders under Rule 9 of the Takeover Code which might otherwise arise upon the Conversion of the Marwyn Loan Notes.

The principal purpose of this document is to explain the Proposals, the Marwyn Proposal, the Resolution and the Rule 9 Waiver Resolution and to seek the approval of the Shareholders for the Resolution and to seek the approval of the Independent Shareholders for the Rule 9 Waiver Resolution.

Both resolutions are to be proposed at the General Meeting to be held at 10.00 a.m. on 1 March 2010. Details of the General Meeting, including the Resolution and the Rule 9 Waiver Resolution, are set out in the Notice of General Meeting provided at the end of this document.

In addition, as set out in more detail at paragraph 6 below, the proposed participation of MVI in the Placing will, by virtue of it being a “substantial shareholder” of the Company, constitute a “related party transaction” for the purposes of AIM Rule 13.

Further, pursuant to the Placing, a placee has agreed to subscribe for 35,666,666 Placing Shares representing 11.9 per cent. of the Enlarged Share Capital. In order to ensure that the placee’s shareholding does not exceed the placee’s internal restriction on a 10 per cent. shareholding for a period of over one month from Admission, the Company and MVI have agreed to ensure that the placee’s shareholding is diluted to 10 per cent or less within one month following Admission either by (i) the Company issuing further shares in the Company pursuant to an acquisition or a subsequent fundraising or (ii) MVI exercising certain of its Conversion Rights. As such, the Company and MVI have agreed to amend the Loan Note Instruments in order to allow MVI to exercise its Conversion Rights immediately following satisfaction of the Conversion Conditions.

## **2. Background and Strategy of the Company**

As stated on 7 July 2008 at the time of the acquisition of H.J.M. Caterers Limited and E&J Hall Investments Limited, the Company’s strategy is, and continues to be, to create, largely through acquisitions, a leading European LSHV gaming group. The Directors believe that there are a number of factors which suggest that the Company continues to be well positioned to pursue this strategy, with the key ones being:

- (a) the fragmented nature of the LSHV gaming market in the UK and a number of countries in Europe;
- (b) the Directors’ existing relationships within the industry in the UK and Europe; and
- (c) the announced and expected regulatory improvements for operators in the LSHV gaming market.

These factors have continued to provide the Company with a pipeline of acquisition opportunities ranging from smaller transactions through to larger medium-to longer term transformational opportunities. As a result, the Directors believe that the UK and European gaming market offers an attractive opportunity for growth and consolidation. Through the Directors’ long term relationships in the UK and European gaming markets, Praesepe is currently in advanced negotiations in relation to a number of strategic acquisition opportunities and will require additional funding in order to execute these acquisitions. Through these acquisitions, the Directors believe that Praesepe can:

- (a) achieve operational leverage – the identified targets offer significant potential central cost synergies, in particular Project A;
- (b) benefit from favourable regulatory developments; and
- (c) use the UK as a base for expansion into Europe through strategic acquisition in selected territories.

### ***UK***

The UK market dynamics remain highly fragmented with a large number of family owned sites and small estates struggling with the investment required to update machines following recent regulatory change in particular in relation to the increase in maximum stakes and prizes of Category C machines implemented in June 2009. Further, a number of gaming groups have high levels of gearing which continue to present Praesepe with the opportunity to acquire key strategic assets at competitive multiples as these groups seek to sell assets to reduce gearing levels.

The regulatory environment of the UK AGC market has experienced significant changes since September 2007 when it was adversely impacted by the implementation of the Gambling Act. However, trading and cashflow for the AGC market has proved resilient to the current economic environment, aided by the low ticket nature of gaming machines and a perceived “value for money” proposition.

In mid-2009, there were two favourable regulatory changes to the UK AGC market. The first was the doubling of the maximum stakes and prizes of Category C machines to £1 and £70 from 50p and £35 respectively. The second was the introduction of Class II bingo machines which broadened the product offerings available to the Company’s customers.

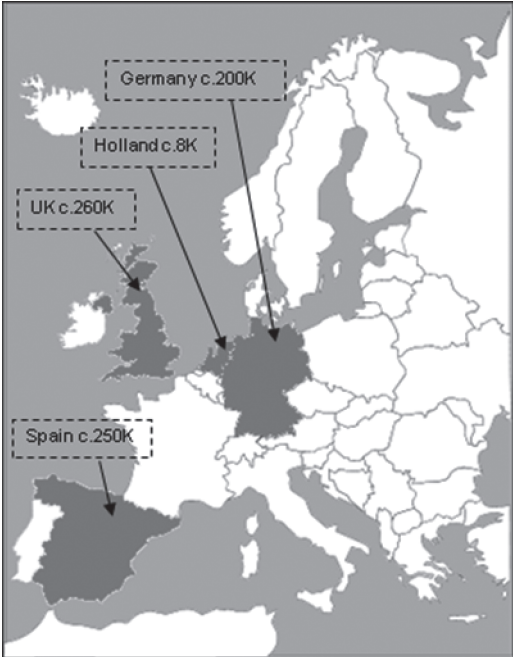
Beyond these regulatory improvements, the UK Government announced in the pre-budget report in December 2009 that bingo duty will be reduced to 20 per cent. from 22 per cent., lowering the cost of running bingo machines. The Directors believe that there will be further positive deregulation following this year's general election. One of the changes expected which the industry trade association BACTA is currently lobbying for is an increase in the maximum stake for Category B3 machines, the stakes and prizes of which are currently due for review.

**Europe**

Over recent years there has been a pattern of deregulation of gaming activities across a number of European jurisdictions. The Directors believe that pressure on governments to grow tax revenues is likely to accelerate that process. Therefore, the Directors believe that from a UK base with strong cashflow, there are immediate opportunities for European expansion through selective acquisitions in the following countries:

- (a) **Spain** – There are exciting opportunities in Spain emerging from a substantial rise in stakes and prizes expected in certain jurisdictions;
- (b) **Holland** – The gaming industry in Holland expects to see significant deregulation during 2010, including the use of bill validators and ticket-in and ticket-out payment systems; and
- (c) **Germany** – Regulatory changes in 2006 introduced machine types in line with other European markets thereby delivering strong revenue growth opportunities.

The following map illustrates the size of the above countries relative to the UK in terms of machine number:



Source: TNS – World Count of Gaming Machines 2008

The Directors believe the Placing would be a step towards providing the finance to allow the Company to build scale and create a diversified base in the UK and Europe and would, through the completion of the potential acquisitions, lead to Praesepe being regarded as a European gaming operator. In turn, the Company would be even better placed to take advantage of further gaming opportunities in the UK and across Europe and thereby driving further growth.

**3. Reasons for the Placing and Use of Proceeds**

The purpose of the Placing is to provide funds for the Company to pursue its stated strategy of creating a leading UK and European LSHV gaming group, largely through acquisitions. The Company is in advanced discussions in relation to the potential acquisition of several AGC businesses in the UK and Europe, three of which are in the UK and the other two in Europe. Praesepe expects to pay between 5.0 to 6.5 times enterprise value to earnings before interest, tax, depreciation and amortisation multiples for these targets.

One of the UK targets (“Project A”) involves acquiring 32 gaming sites and would constitute a reverse acquisition for the purposes of the AIM Rules requiring shareholder approval and re-admission of the enlarged group to AIM. Project A is expected to have a cash requirement of approximately £6 million, which would be funded by the entire proceeds of the Placing, and would include an element of consideration paid in shares and the rolling over of a significant debt balance held by the target on attractive terms. The other two targets (“Project B” and “Project C”) in the UK are bolt-on acquisitions. Of the two targets in Europe, one is based in Spain (“Project D”) and the other in Holland (“Project E”). The potential cash requirement for each of these targets is set out below:

|                             | <i>Country</i> | <i>Number of sites</i> | <i>Estimated cash requirement*</i> |
|-----------------------------|----------------|------------------------|------------------------------------|
| <b>Large UK transaction</b> |                |                        |                                    |
| Project A                   | UK             | 32                     | £6.0 million**                     |
| <b>Bolt-on acquisitions</b> |                |                        |                                    |
| Project B                   | UK             | 8                      | £1.5 million                       |
| Project C                   | UK             | 6                      | £4.5 million                       |
| <b>European expansion</b>   |                |                        |                                    |
| Project D                   | Spain          | 7                      | £7.0 million                       |
| Project E                   | Holland        | 2                      | £11.0 million                      |

\* Includes estimated consideration, transaction costs, working capital and restructuring costs and, in the case of Project A, including for any potential restructuring of the Company’s capital structure.

\*\* The Directors anticipate that an element of the consideration for Project A will constitute shares to be issued in the Company.

As announced today, the Company is in advanced negotiations to acquire Project A for an estimated enterprise value of approximately £45.0 million. The Directors believe that Project A, if completed, could add significantly to the Company’s earnings before interest, tax depreciation and amortisation. The current chairman of the target company relating to Project A is also expected to join the Board of Praesepe if Project A completes. In the event that Project A does not proceed, the Directors intend to use the net proceeds from the Placing to pursue other acquisition opportunities and to meet any associated working capital requirements resulting from such acquisitions.

#### **4. Details of the Placing and Admission**

The Company intends to raise £6 million, before expenses, through the issue of 80,000,000 Placing Shares at the Placing Price pursuant to the Placing. The Placing Shares will in total represent 26.7 per cent. of the Enlarged Share Capital.

As discussed below, MVI, which is currently interested in 84,681,819 Ordinary Shares, representing approximately 38.5 per cent. of the Company’s issued share capital, will subscribe for 17,422,578 Placing Shares and will, immediately following Admission, be interested in 102,104,397 Ordinary Shares in the Company, representing approximately 34.0 per cent. of the Company’s Enlarged Share Capital.

As discussed above, the acquisition of Project A would constitute a reverse takeover and, as such trading in the Ordinary Shares on AIM was suspended pursuant to Rule 14 of the AIM Rules upon announcement of the Placing earlier today. Therefore, Admission will not occur until the Suspension ceases to be effective. It is expected that trading in the Ordinary Shares will recommence upon either: (i) the publication of the admission document to be prepared by the Company in connection with Project A in respect of the enlarged group or; (ii) the announcement by the Company that it no longer intends to proceed with Project A.

Accordingly, the Placing is conditional upon both the Resolution and the Rule 9 Waiver Resolution being passed, the Suspension being lifted and Admission having become effective by 8.00 a.m. on 31 March 2010.

Application will be made to the London Stock Exchange for the Placing Shares to be admitted to trading on AIM once the Suspension has been lifted.

If the Resolution and the Rule 9 Waiver Resolution are not passed at the General Meeting or the suspension is not lifted by 31 March 2010, the Placing will not be completed.

The Placing Shares will, following Admission, be issued credited as fully paid up and rank *pari passu* in all respects with the Existing Ordinary Shares, including the right to receive all dividends and other distributions declared, made or paid in respect of the issued Ordinary Shares of the Company after Admission.

The Company has entered into a placing agreement with Oriel Securities, pursuant to which Oriel Securities has agreed to conditionally procure subscribers for the Placing Shares. Under the Placing Agreement, the Company has given certain customary warranties, indemnities and undertakings to Oriel Securities in connection with the Placing and other matters relating to the Company and its affairs further details of which can be found in paragraph 7 of Part III of this document.

Further, pursuant to the Placing, a placee has agreed to subscribe for 35,666,666 Placing Shares representing 11.9 per cent. of the Enlarged Share Capital. In order to ensure that the placee's shareholding does not exceed the placee's internal restriction on a 10 per cent. shareholding for a period of over one month from Admission, the Company and MVI have agreed to ensure that the placee's shareholding is diluted to 10 per cent or less within one month following Admission either by (i) the Company issuing further shares in the Company pursuant to an acquisition or a subsequent fundraising or (ii) MVI exercising certain of its Conversion Rights. As such, the Company and MVI have agreed to amend the Loan Note Instruments in order to allow MVI to exercise its Conversion Rights immediately following satisfaction of the Conversion Conditions.

## **5. Background to, and Principal Terms of, the Loan Notes**

As announced on 8 October 2009, the Company funded its acquisition of 13 gaming centres in South West England and South Wales, consisting of nine AGCs and four FECs for a consideration of £6.3 million through the issue of £6.5 million Loan Notes to the Group's largest shareholder, MVI on 19 October 2009.

Up to £4.0 million of the Loan Notes were subsequently available to be placed with other existing Praesepe shareholders on the same terms and, as announced on 30 November 2009, £30,000 of these Loan Notes were subscribed for during the offer period on the same terms as those issued to MVI. Matthew Proctor subscribed for all 30,000 of these Loan Notes and, as such, £30,000 of the Loan Notes issued to MVI were redeemed, such that the par value of the Loan Notes outstanding is £6.5 million, £6.47 million of which have been issued to MVI and are still outstanding.

Pursuant to the terms of the Loan Note Instruments, interest accrues on the Loan Notes at a rate of 11 per cent. per annum (compounding annually), settled through the issuance of additional notes. The Loan Notes have no voting rights, and mature on the later of three years from date the Loan Notes were issued (the "Issue Date") or 20 business days after Praesepe's senior debt facilities mature under their existing terms or under any terms post refinancing, with a long stop date of 9 October 2014 ("Maturity").

Prior to Conversion, the Loan Notes have no right to receive amounts in respect of or in lieu of any dividends or distributions on the Ordinary Shares. Holders of the Loan Notes are entitled to transfer their rights under the Loan Notes upon notifying such to the Company.

The Loan Notes are convertible into Ordinary Shares at 10 pence per share (the "Conversion Price") from 12 months from the Issue Date until 20 business days prior to Maturity, subject to the following conditions (the "Conversion Conditions"):

- (a) an ordinary resolution to authorise, pursuant to section 551 of the Companies Act, the Directors to grant the Conversion Rights;
- (b) a special resolution to authorise, pursuant to section 571 of the Companies Act, the Directors to grant the Conversion Rights as if section 561 of the Companies Act did not apply; and
- (c) an ordinary resolution on a poll of the Independent Shareholders waiving any requirement for MVI or any person acting in concert with MVI to make an offer to the Shareholders pursuant to Rule 9 of the Takeover Code as a result of any exercise of the Conversion Rights.

Accordingly, Shareholder approval is being sought in respect of (a) and (b) above to enable the Conversion to take place. In addition, approval is also being sought from Independent Shareholders in respect of (c) above.

If the Resolution is not approved by Shareholders and the Rule 9 Waiver Resolution is not approved by Independent Shareholders and the Conversion Conditions are not met within six months from the Issue Date, the Loan Notes will not be redeemable until Maturity, with the amount repayable being the higher of par plus accrued but unpaid interest or the value of the Loan Notes if they had been converted at the Conversion Price, calculated by reference to the mid-market closing share price of Praesepe on the business day immediately preceding Maturity.

Under the terms of the Loan Notes, the Conversion Price is adjusted if the Company issues shares at less than 8 pence per share, by applying a 25 per cent. premium to the price of such issue. Accordingly, as the Placing is being conducted at 7.5 pence per Placing Share, the adjusted Conversion Price will be 9.275 pence with the result that MVI will be entitled to subscribe for 116,321,845 new Ordinary Shares pursuant to the exercise of its Conversion Rights if the Loan Notes are held to maturity.

As described above, the Company and MVI have agreed to amend the Loan Note Instruments in order to allow MVI to exercise its Conversion Rights immediately following satisfaction of the Conversion Conditions and accordingly, the terms of the Loan Note Instruments have been amended to enable Conversion at any time after the Conversion Conditions are satisfied.

In addition, if the Conversion Conditions are met, Praesepe can elect to convert the Loan Notes and any accrued interest if the volume weighted average price of the Ordinary Shares over three consecutive periods of 20 business days has exceeded 20 pence, and at least five per cent. of the Praesepe issued share capital is traded during each 20 business day period.

Upon a change of control in the Company, the holders of Loan Notes can seek redemption at a price per Loan Note equivalent to the price that would be payable had the Loan Notes been converted into Ordinary Shares. The Loan Notes will then cease to be convertible.

## **6. Related Party Transactions**

### ***(a) The Placing***

As at 11 February 2010 (the latest practicable date prior to the publication of this document), MVI holds 84,681,819 Ordinary Shares, representing approximately 38.5 per cent. of the Company's existing issued share capital and is, as such, a "substantial shareholder" in the Company.

MVI has conditionally subscribed for 17,422,578 Placing Shares pursuant to the Placing and, immediately following Admission, will hold a total of 102,104,397 Ordinary Shares, representing approximately 34.0 per cent. of the Enlarged Share Capital. By virtue of MVI being a "substantial shareholder" of the Company, this subscription will constitute a "related party transaction" for the purposes of AIM Rule 13. The Independent Directors, who have consulted with Oriel Securities in its capacity as Nominated Adviser to the Company, consider that the terms of MVI's participation in the Placing are fair and reasonable insofar as the Company's shareholders are concerned.

### ***(b) Amendment to the Loan Notes***

MVI is a related party under the AIM Rules and the amendment to the Loan Notes (to enable Conversion to occur at any time after the Conversion Conditions are satisfied), as described in more detail in paragraph 5 above is therefore a "related party transaction" for the purposes of the AIM Rules. Accordingly, the Independent Directors, having consulted Oriel Securities (in its capacity as the Company's Nominated Adviser under the AIM Rules), consider that the terms of the related party transaction are fair and reasonable insofar as the Company's shareholders are concerned.

## **7. Background to and Reasons for Recommending the Rule 9 Waiver**

As discussed above, approval from Independent Shareholders is being sought to approve a waiver of any requirement for MVI or any person acting in concert with MVI to make an offer to the Shareholders pursuant to Rule 9 of the Takeover Code as a result of an exercise of the Conversion Rights by MVI.

MVI is currently interested in (in aggregate) 84,681,819 Ordinary Shares representing approximately 38.5 per cent. of the existing issued share capital of the Company.

Assuming that Admission does not occur, the Placing does not complete and Conversion by MVI in full of the Loan Notes (and assuming that no other person converts any convertible securities or exercises any options or any other right to subscribe for shares in the company and that the Marwyn Loan Notes were converted on the date of the publication of this document) the maximum amount of Ordinary Shares that MVI would be interested in would be 200,973,299 Ordinary Shares representing approximately 59.7 per cent. of the Company's enlarged issued voting share capital.

Assuming that Admission does occur, the Placing does complete and Conversion by MVI in full of the Loan Notes (and assuming that no other person converts any convertible securities or exercises any options or any other right to subscribe for shares in the company and that the Marwyn Loan Notes were converted on the date of the publication of this document) and the subscription by MVI for 17,422,578 Placing Shares pursuant to the Marwyn Placing Participation is therefore completed, the maximum amount of Ordinary Shares that MVI would be interested in would be 372,517,133 Ordinary Shares representing approximately 46.8 per cent. of the Company's enlarged issued voting share capital. As discussed above in paragraph 5, the Marwyn Loan Notes have been amended so that the Loan Notes can only be converted at any time after the Conversion Conditions are satisfied.

As such, an ordinary resolution on a poll of the Independent Shareholders waiving any requirement for MVI or any person acting in concert with MVI to make an offer to the Shareholders pursuant to Rule 9 of the Takeover Code as a result of Marwyn exercising its Conversion Rights will be required.

If the Rule 9 Waiver Resolution is not passed and the Conversion Conditions are not met within six months from the Issue Date, the Loan Notes will not be redeemable until Maturity, with the amount repayable being the higher of par plus accrued but unpaid interest or the value of the Loan Notes if they had been converted at the Conversion Price, calculated by reference to the mid-market closing share price of Praesepe on the business day immediately preceding Maturity.

## **8. The Takeover Code Requirements**

Under Rule 9 of the Takeover Code, any person who acquires an interest (as defined in the Takeover Code) in shares which, taken together with shares in which he is already interested and in which persons acting in concert with him are interested, carry 30 per cent. or more of the voting rights of a company which is subject to the Takeover Code, is normally required to make a general offer to all the remaining shareholders to acquire their shares.

Similarly, when any person, together with persons acting in concert with him, is interested in shares which in the aggregate carry not less than 30 per cent. of the voting rights of such a company but does not hold shares carrying more than 50 per cent. of such voting rights, a general offer will normally be required if any further interests in shares are acquired by any such person.

An offer under Rule 9 must be made in cash and at the highest price paid by the person required to make the offer, or any person acting in concert with him, for any interest in shares of the company during the 12 months prior to the announcement of the offer.

Assuming that Admission does not occur, the Placing does not complete and Conversion by MVI in full of the Loan Notes (and assuming that no other person converts any convertible securities or exercises any options or any other right to subscribe for shares in the company and that the Marwyn Loan Notes were converted on the date of the publication of this document) the maximum amount of Ordinary Shares that MVI would be interested in would be 200,973,299 Ordinary Shares representing approximately 59.7 per cent. of the Company's enlarged issued voting share capital.

Assuming that Admission does occur, the Placing does complete and Conversion by MVI in full of the Loan Notes (and assuming that no other person converts any convertible securities or exercises any options or any other right to subscribe for shares in the company and that the Marwyn Loan Notes were converted on the date of the publication of this document) and the subscription by MVI for 17,422,578 Placing Shares pursuant to the Marwyn Placing Participation is therefore completed, the maximum amount of Ordinary Shares that MVI would be interested in would be 372,517,133 Ordinary Shares representing approximately 46.8 per cent. of the Company's enlarged issued voting share capital. As discussed above in paragraph 5, the Marwyn Loan Notes have been amended so that the Loan Notes can only be converted at any time after the Conversion Conditions are satisfied.

The Panel has agreed, however, to waive the obligation to make a general offer that would otherwise arise as a result of the exercise by MVI of its Conversion Rights, subject to the approval of Independent Shareholders. Accordingly, the Rule 9 Waiver Resolution is being proposed at the General Meeting, and will be taken on a poll of Independent Shareholders. MVI will not be entitled to vote on the Rule 9 Waiver Resolution.

The waiver granted by the Panel relates only to any increase in the percentage of Ordinary Shares held by MVI as a result of it exercising its Conversion Rights and is conditional on the passing of the Rule 9 Waiver Resolution by Independent Shareholders of the Company on a poll.

**Following the exercise by MVI of its Conversion Rights, in the event that either (i) the Placing completes and Admission does occur or (ii) the Placing does not complete and Admission does not occur, MVI will be interested in shares which carry more than 50 per cent. of the Company's voting share capital and any further increase in the number of shares in which it is interested will not be subject to the provisions of Rule 9 of the Takeover Code.**

Further details concerning MVI and their respective interests in the Company are set out in paragraph 9 of Part I and Part III of this document.

## **9. Information about MVI**

MVI was registered in the Cayman Islands as an exempted limited partnership on 23 November 2005 with registration number MC-16543 and was registered as a regulated mutual fund with the Cayman Islands Monetary Authority with registration number 10560 on 29 December 2005. Marwyn General Partner Limited is the general partner of MVI. David Williams is a director of Marwyn General Partner Limited. The other directors are Paul Cookson and Michael Price. MVI's registered address is PO Box 309 GT, Uglund House, South Church St, Grand Cayman, Cayman Islands MVI does not have a website.

Marwyn Capital Management Limited, a Cayman Islands exempted company, is the manager of MVI, and has appointed Marwyn Investment Management LLP, an English limited liability partnership, as investment manager to MVI. Marwyn Capital Management Limited and Marwyn Investment Management LLP are wholly-owned and funded by their management (including David Williams, Mark Watts and Benjamin Shaw, all Directors of the Company) and are supported by 30 staff based in London and Jersey. More information on the Marwyn group can be found at [www.marwyn.com](http://www.marwyn.com).

The investment objective of MVI is to maximise its total returns. Marwyn Investment Management LLP combines best practice private equity disciplines within the context of the public markets with the goal of delivering measurable investment returns with greater visibility and liquidity.

Since March 2006, MVI has subscribed for shares in nine companies which together have raised over £650 million in equity and convertible debt financing and have completed approximately 39 acquisitions. All of these companies have been admitted to trading on AIM and the average share price appreciation of the AIM quoted companies, in which MVI is currently invested, since their respective initial public offerings was 48.5 per cent. as at 31 January 2010 (the latest practicable date prior to the publication of this document).

MVI had net assets of £107,079,968 as of 30 June 2009. MVI's investment in the Company represents 6.6 per cent. of MVI's assets as at 31 January 2010 (the latest practicable date prior to the publication of this document).

MVI is a substantial shareholder in the Company. MVI currently holds 84,681,819 Existing Ordinary Shares via its nominee, Vidacos Nominees Limited, representing 38.5 per cent. of the Existing Ordinary Shares of the Company. Three Directors (David Williams, Mark Watts and Benjamin Shaw) are also members of various Marwyn group companies, including Marwyn Capital LLP. During the year ended 31 December 2009, the Company paid Marwyn Capital LLP £538,248 in fees relating to corporate finance advisory services and Directors' fees and Marwyn Partners Limited £50,857 for office and infrastructure expenses.

Pursuant to the Marwyn Placing Participation, MVI will subscribe for 17,422,578 Placing Shares, and following Admission will hold 102,104,397 Ordinary Shares representing a total of 34.0 per cent. of the Enlarged Share Capital.

MVI has confirmed to the Board that it is not presently proposing any changes to the Board or changes to the employment rights of employees of the Company and that its intention, following any increase in its shareholding as a result of the Conversion and the Marwyn Placing Participation, is to allow the Company's management to continue pursuing the Company's corporate strategy. MVI has no present intention to move the Company's place of business, redeploy the Company's fixed assets or vary the existing employment contracts of the Company's employees.

MVI has been an investor in the Company since its listing on AIM in April 2006 and, in line with its investment strategy, has a long-term commercial interest in the Company. Prior to investing in the Loan Notes, MVI subscribed for approximately 90 per cent. of the share capital of the Company when it listed on AIM and has participated in two of the Company's subsequent placings which were used to fund acquisitions. MVI purchased the Loan Notes to enable the Company to complete the acquisition of the 13 AGCs and FECs announced in October 2009 which expanded the geographic coverage of Praesepe's AGC estate and add its first FEC venues. MVI continues to take a long-term commercial interest in the Company and is supportive of its stated strategy, as illustrated by its participation in the Placing.

## **10. Capital Reorganisation**

The Placing Price represents a discount to the current 10 pence nominal value of an Existing Ordinary Share. However, company law prohibits the issue of shares at a price below their nominal value and, accordingly, a share capital reorganisation will be necessary in order to undertake the Placing. It is therefore proposed to reorganise the share capital of the Company by sub-dividing each issued Existing Ordinary Share of 10 pence into one new Ordinary Share of 1 pence and one Deferred Share of 9 pence.

The new Ordinary Shares will have the same rights (including voting and dividend rights) as each Existing Ordinary Share has at present. No new certificates will be issued in respect of the new Ordinary Shares arising as a result of the capital reorganisation and existing share certificates in respect of Existing Ordinary Shares will be valid and will continue to be accepted as evidence of title for the new Ordinary Shares arising as a result of the Sub-Division.

In order to effect the Reorganisation, the Articles will need to be amended to include the rights of the Deferred Shares, which will be minimal, thereby rendering them effectively valueless. The rights attaching to the Deferred Shares can be summarised as follows:

- they do not entitle holders to receive any dividend or other distribution or to receive notice or, speak or vote at general meetings of the Company;
- on a return of assets on a winding up, they only entitle the holder to the amounts paid up on such shares after the repayment of £10 million per new Ordinary Share;
- they are not freely transferable;
- the creation and issue of further shares which rank equally or in priority to the Deferred Shares or the passing of a resolution of the Company to cancel the Deferred Shares or to effect a reduction of capital shall not constitute a modification or abrogation of their rights; and
- the Company shall have the right at any time to purchase all of the Deferred Shares for an aggregate consideration of £1.00.

No application will be made for the Deferred Shares to be admitted to trading on AIM or any other stock exchange. No share certificates will be issued for any of the Deferred Shares. There are no immediate plans to purchase or to cancel the Deferred Shares, although the Directors propose to keep the situation under review.

## **11. Current Trading**

In the period since Praesepe Chief Executive Officer Nicholas Harding came on board in November 2007, Praesepe has successfully completed four strategic acquisitions to build an estate currently comprising of 54 AGCs and FECs across the UK operating over 2,000 gaming machines including bingo machines. Praesepe is today considered to be the UK's fastest growing LSHV gaming operator in relation to the number of estates and has become the fourth largest AGC operator in the UK.

In 2009, Praesepe was an active consolidator within the European LSHV sector. One of the acquisitions completed in 2009 is the iconic Crystal Rooms AGC, a flagship gaming centre located in Leicester Square, London on one of the busiest pedestrian thoroughfares in Europe. In the four months of Praesepe ownership, the Crystal Rooms saw an improvement in average weekly sales of 23.5 per cent., from c.£29,300 (average of the four weeks immediately prior to this acquisition) to c.£36,200 (average of the last four weeks in December 2009).

Trading for the Company to date has proved resilient to the current economic environment, aided by the 'low stake' nature of the AGC and FEC proposition. Looking ahead, the Directors believe the trading outlook for 2010 is positive driven by a number of factors:

- regulatory changes including the increase in Category C stakes and prizes, the new Class II bingo machines, as well as further regulatory changes expected following the general election later this year;
- opportunity to deliver significant financial upside from the sites acquired during 2009 and future site acquisitions;
- growing contribution from the opened greenfield sites as they reach maturity and further greenfield openings planned; and
- establishment of an estate of High Street "micro" bingo clubs playing nationally for significant pari-mutuel prizes.

## **12. General Meeting**

Set out at the end of this document is the Notice convening the General Meeting to be held at the offices of Jones Day, 21 Tudor Street, London, EC4Y 0DJ on 1 March 2010 at 10.00 a.m. at which the following resolutions will be proposed:

1. an ordinary resolution to approve the Rule 9 Waiver (as required by the Panel, those shareholders who are not Independent Shareholders will abstain from exercising their voting rights in relation to this resolution at the General Meeting in respect of their holdings of Ordinary Shares which amount in aggregate to approximately 38.5 per cent. of the Ordinary Shares); and
2. a special resolution to:
  - (i) revoke any provision of the Company's Articles of Association setting the maximum amount of shares that may be allotted by the Company pursuant to paragraph 42(2)(b) of Schedule 2 of the Companies Act 2006 (Commencement No. 8, Transitional Provisions and Savings) Order 2008;
  - (ii) approve the sub-division of each of the issued Existing Ordinary Shares into one New Ordinary Share and one Deferred Share;
  - (iii) approve the amendment of the Articles to include provisions in relation to the rights attaching to the Deferred Shares and the Reorganisation;

- (iv) generally authorise the Directors of the Company to allot shares (as defined in section 571 of the Act) up to an aggregate nominal value of £1,962,914.80, representing 196,291,480 New Ordinary Shares; and
- (v) empower the Directors of the Company pursuant to section 571 of the Act, to allot equity securities for cash on a non-pre-emptive basis in respect of the Placing and the Conversion.

An ordinary resolution requires the approval of a simple majority of shareholders who vote and a special resolution requires the approval of at least 75 per cent. of shareholders who vote. MVI has irrevocably undertaken to vote in favour of the Resolution and not to vote on the Rule 9 Waiver Resolution.

### ***Action to Be Taken***

Shareholders will find enclosed with this document a Form of Proxy for use at the General Meeting. Whether or not you intend to be present at the General Meeting (and any adjournment thereof) you are requested to complete, sign and return the Form of Proxy in accordance with the instructions printed on it so as to be received by the Company's registrars, Capita Registrars (Proxies), The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU, as soon as possible but in any event not later than 10.00 a.m. on 25 February, 2010. The completion and return of the Form of Proxy will not preclude you from attending and voting at the meeting, should you so wish.

### ***Further Information***

Your attention is drawn to the financial information referred to in Part II and to the additional information contained in Part III of this document which contains certain additional information in respect of the Company and the Directors' interests. Shareholders are advised to read the whole of this document and not to rely solely on the summary information set out in this letter.

### ***Recommendation and Voting Intentions***

The Directors believe that the Proposals are in the best interests of the Company and its Shareholders as a whole. Accordingly, the Directors unanimously recommend that you vote in favour of the Resolution.

In addition, the Independent Directors, who have been so advised by Oriel Securities, consider the Rule 9 Waiver, the Marwyn Proposal and the Proposals to be fair and reasonable insofar as Independent Shareholders are concerned and, in particular, recommend that you vote in favour of the Rule 9 Waiver Resolution and the Resolution to be proposed at the General Meeting, as they and Shareholders connected with them intend to do in respect of their aggregate beneficial holdings of 1,449,090 Ordinary Shares representing approximately 0.7 per cent. of the existing issued ordinary share capital of the Company. In providing advice to the Independent Directors in relation to the Rule 9 Waiver, the Marwyn Proposal and the Proposals, Oriel Securities has taken into account the commercial assessments of the Independent Directors.

If the Resolution and the Rule 9 Waiver Resolution are not passed at the General Meeting the conditions of the Placing Agreement will not be satisfied. Consequently, in these circumstances, the Placing will not occur. In addition, if the Rule 9 Waiver Resolution is not passed at the General Meeting, the Conversion Rights of the Loan Note Instruments will not be approved.

Yours faithfully,

**Nicholas Harding**

*Chief Executive Officer on behalf of the Independent Directors*

## PART II

### FINANCIAL INFORMATION ON THE COMPANY

In accordance with Rule 24.14 of the Takeover Code, (i) the Company's unaudited interim statement for the 28 weeks ended 12 July 2009, (ii) the Company's audited accounts for the year ended 31 December 2008, (iii) the Company's audited accounts for the year ended 31 December 2007 (formerly called Aldgate Capital plc) and (iv) the Company's audited accounts for the period from 16 March 2006 to 31 December 2006 have been incorporated by reference into this document.

Please note that the financial information referred to in (i) to (ii) above was prepared in accordance with IFRS while the financial information referred to in (iii) and (iv) above was prepared in accordance with UK GAAP.

**For more information on the financial information of the Company, please refer to the documents listed below, which have been incorporated by reference into this document.** These documents can be inspected at the Company's website (<http://www.praesepeplc.com/announcements.php>) or can be obtained from the registered office of the Company.

*Information incorporated by reference* *Document reference*

**The Company's unaudited interim statement for the 28 weeks ended 12 July 2009**

|  |           |
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| Consolidated Income Statement                        | Page 4    |
| Consolidated Balance Sheet                           | Page 6    |
| Consolidated Cash Flow                               | Page 7    |
| Notes to the Consolidated Financial Statements       | Page 8-19 |
| Independent Review Report from Chartered Accountants | Page 20   |

*Information incorporated by reference* *Document reference*

**The Company's audited accounts for the year ended 31 December 2008**

|  |             |
|--|-------------|
| Consolidated Income Statement                  | Page 17     |
| Consolidated Balance Sheet                     | Page 18     |
| Company Balance Sheet                          | Page 19     |
| Consolidated Cash Flow                         | Page 20     |
| Notes to the Consolidated Financial Statements | Pages 21-41 |
| Auditor's Report                               | Pages 15-16 |
| Directors' Report                              | Pages 10-12 |

*Information incorporated by reference* *Document reference*

**The Company's audited accounts for the year ended 31 December 2007**

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| Profit and Loss                   | Page 6      |
| Balance Sheet                     | Page 7      |
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| Auditor's Report                  | Page 5      |
| Directors' Report                 | Pages 2-3   |

*Information incorporated by reference* *Document reference*

**The Company's audited accounts for the period from 16 March 2006 to 31 December 2006**

|                                   |             |
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| Auditor's Report                  | Page 5      |
| Directors' Report                 | Pages 2-3   |

## PART III

### ADDITIONAL INFORMATION

#### 1. RESPONSIBILITY

- (A) The Marwyn GP Directors (whose names and business addresses are set out in paragraph 2(C) below) accept responsibility for all the information contained in this document, other than that relating to the Company, the Directors and members of their immediate families and related trusts and controlled companies, for which the Directors accept responsibility and the views of the Independent Directors on the Rule 9 Waiver, for which the Independent Directors accept responsibility. Subject as aforesaid, to the best of the knowledge and belief of the Marwyn GP Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document for which they are responsible is in accordance with the facts and does not omit anything likely to affect the import of such information.
- (B) The Directors (whose names and business addresses are set out in paragraph 2.1 below) accept responsibility for the information contained in this document relating to the Company, themselves and members of their immediate families and related trusts and controlled companies (other than the information for which Marwyn GP Directors take responsibility pursuant to paragraph (A) above and the views of the Independent Directors for which the Independent Directors accept responsibility as specified in paragraph (C) below). To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document for which they are responsible is in accordance with the facts and does not omit anything likely to affect the import of such information.
- (C) The Independent Directors accept responsibility for their views on the Rule 9 Waiver. To the best of the knowledge and belief of the Independent Directors (who have taken all reasonable care to ensure such is the case), the information contained in this document for which they accept responsibility is in accordance with the facts and does not omit anything likely to affect the import of such information.

#### 2. THE DIRECTORS AND THE MARWYN GP DIRECTORS

- (A) The Directors and their functions are set out below:

|                              |                                |
|------------------------------|--------------------------------|
| David Jeffreys Williams      | <i>Non-Executive Chairman</i>  |
| Nicholas Simon Harding       | <i>Chief Executive</i>         |
| Matthew Frederick Proctor    | <i>Chief Financial Officer</i> |
| Mark Irvine John Watts       | <i>Non-Executive Director</i>  |
| Benjamin Howard Shaw         | <i>Non-Executive Director</i>  |
| Charles Blair Ritchie Sinton | <i>Non-Executive Director</i>  |

- (B) The business address of each of the Directors is 201 Bishopsgate, London, EC2M 3AF.

- (C) The Marwyn GP Directors are set out below:

David Jeffreys Williams  
Paul Cookson  
Michael Price

- (D) The Independent Directors are Nicholas Simon Harding, Matthew Frederick Proctor and Charles Blair Ritchie Sinton.

### 3. MARKET QUOTATIONS

- (A) At the close of business on 11 February 2010 (being the latest practicable date prior to the publication of this document), the following Ordinary Shares were in issue and options and awards under the Praesepe Share Schemes were outstanding:

| <i>Security type</i> | <i>Number</i> |
|----------------------|---------------|
| Ordinary Shares      | 220,113,638   |
| Praesepe Options     | 2,923,069     |

- (B) The following table shows the closing middle market quotations for Ordinary Shares as derived from the AIM Appendix of the London Stock Exchange Daily Official List on 11 February 2010 (being the latest practicable date prior to the publication of this document), on the first Business Day of each month from 1 September 2009 to 1 February 2010, and on 11 February 2010 (the latest practicable date prior to the publication of this document):

| <i>Date</i>      | <i>Ordinary Share price (pence)</i> |
|------------------|-------------------------------------|
| 1 September 2009 | 11.250                              |
| 1 October 2009   | 8.000                               |
| 2 November 2009  | 7.375                               |
| 1 December 2009  | 8.250                               |
| 4 January 2010   | 8.000                               |
| 1 February 2010  | 8.750                               |
| 11 February 2010 | 9.000                               |

### 4. SHAREHOLDINGS AND DEALINGS

#### *Definitions and references*

#### 4.1 For the purposes of this paragraph 4:

- (A) “**acting in concert**” has the meaning attributed to it in the Takeover Code;
- (B) “**arrangement**” includes any indemnity or option arrangements and any agreement or understanding, formal or informal, of whatever nature, relating to relevant securities which may be an inducement to deal or refrain from dealing but excludes irrevocable commitments or letters of intent;
- (C) “**associate**” of a company means:
- (1) its parent company (if any), subsidiaries, fellow subsidiaries and associated companies and companies of which any such parent, subsidiaries, fellow subsidiaries or associated companies are associated companies (for this purpose ownership or control of 20 per cent. or more of the equity share capital of a company is the test of associate company status (a “**paragraph 1 associate**”));
  - (2) its connected advisers and persons controlling, controlled by or under the same control as such connected advisers;
  - (3) its directors and any directors of any paragraph 1 associate (together in each case with their close relatives and related trusts); and
  - (4) its pension funds or the pension funds of any paragraph 1 associate; and
  - (5) any investment company, unit trust or other person whose investments an associate manages on a discretionary basis, in respect of relevant investment accounts;
  - (6) an employee benefit trust of an offeror, the offeree company or any paragraph 1 associate;
- (D) “**connected advisers**” has the meaning attributed to it in the Takeover Code;

- (E) “**connected person**” has the meaning attributed to it in the Takeover Code;
- (F) “**dealing**” or “**dealt**” includes the following:
- (1) the acquisition or disposal of securities, of the right (whether conditional or absolute) to exercise or direct the exercise of voting rights attached to relevant securities or of general control of relevant securities;
  - (2) the taking, granting acquisition, disposal, entering into, closing out, termination, exercise (by either party) or variation of an option, (including a traded option contract) in respect of any relevant securities;
  - (3) subscribing or agreeing to subscribe for relevant securities;
  - (4) the exercise or conversion of any relevant securities carrying conversion or subscription rights;
  - (5) the acquisition of, disposal of, entering into, closing out, exercise (by either party) of any rights under, or variation of, a derivative referenced, directly or indirectly, to relevant securities;
  - (6) the entry into or termination or variation of the terms of any agreement to purchase or sell relevant securities; and
  - (7) any other action resulting, or which may result, in an increase or decrease in the number of relevant securities in which a person is interested or in respect of which he has a short position;
- (G) “**derivative**” includes any financial product the value of which, in whole or in part, is determined directly or indirectly by reference to the price of an underlying security but which does not include the possibility of delivery of such underlying security;
- (H) “**disclosure date**” means the close of business on 11 February 2010, being the latest practicable date prior to the publication of this document;
- (I) “**disclosure period**” means the period commencing on 11 February 2009, being the date twelve months prior to the disclosure date, and ending on the disclosure date;
- (J) being “**interested**” in relevant securities includes where a person:
- (1) owns relevant securities;
  - (2) has the right (whether conditional or absolute) to exercise or direct the exercise of the voting rights attaching to relevant securities or has general control of them;
  - (3) by virtue of any agreement to purchase, option or derivative, has the right or option to acquire relevant securities or call for their delivery; or is under an obligation to take delivery of them, whether the right, option or obligation is conditional or absolute and whether it is in the money or otherwise;
  - (4) is a party to any derivative whose value is determined by reference to their price; and which results, or may result, in his having a long position in them; or
  - (5) has long economic exposure, whether absolute or conditional to changes in the price of those relevant securities (but a person who only has a short position in securities is not treated as interested in those relevant securities);
- (K) “**relevant Company securities**” means shares in the Company (or derivatives referenced thereto) and securities convertible into, rights to subscribe for and options (included traded options) in respect thereof;

- (L) “**relevant MVI securities**” means partnership interests in MVI (or derivatives referenced thereto) and securities convertible into, rights to subscribe for and options (included traded options) in respect thereof;
- (M) “**relevant securities**” means relevant Company securities or, as the case may be, relevant MVI securities;
- (N) “**short position**” means any short position (whether conditional or absolute and whether in the money or otherwise) including any short position under a derivative, any agreement to sell or any delivery obligations or right to require another person to purchase or take delivery; and
- (O) ownership or control of 20 per cent. or more of the equity share capital of a company is regarded as the test of associated company status and “**control**” means an interest or interests in shares carrying in aggregate of 30 per cent. or more of the voting rights attributable to the share capital of a company which are currently exercisable at a general meeting, irrespective of whether such interest or interests give *de facto* control.

#### 4.2 **Interests in relevant Company securities**

- (A) At the close of business on the disclosure date, MVI was interested in 84,681,819 relevant Company securities and did not have an unconditional right to subscribe for any further relevant Company securities.
- (B) As at the close of business on the disclosure date:
  - (1) save as disclosed in this paragraph 4, neither MVI nor any of the Marwyn GP Directors, nor any person acting in concert with MVI, had any interest in or right to subscribe for, or had any short position in relation to, any relevant Company securities and neither MVI nor any of the Marwyn GP Directors, nor any person acting in concert with MVI had dealt in any relevant Company securities during the disclosure period;
  - (2) no person with whom either MVI or any person acting in concert with MVI has any arrangement had an interest in or a right to subscribe for, or had any short position in relation to, any relevant Company securities, nor had any such person dealt in any relevant Company securities during the disclosure period;
  - (3) save as disclosed in this Part III, none of the Directors (including any members of such Directors’ respective immediate families, related trusts or connected persons) had an interest in or a right to subscribe for, or had any short position in relation to, any relevant Company securities;
  - (4) no paragraph 1 associate of the Company had any interest in, or right to subscribe for, or had any short position in relation to, any relevant Company securities;
  - (5) no pension fund of the Company or of a paragraph 1 associate of the Company had any interest in or right to subscribe for, or had any short position in relation to, any relevant Company securities;
  - (6) save as disclosed in this paragraph 4, no employee benefit trust of the Company or of a paragraph 1 associate of the Company had any interest in or right to subscribe for, or had any short position in relation to, any relevant Company securities;
  - (7) no connected adviser to the Company or to a paragraph 1 associate or to a person acting in concert with the Company, nor any person controlling, controlled by or under the same control as any such connected adviser (except for an exempt principal trader or exempt fund manager), had any interest in or right to subscribe for, or had any short position in relation to, any relevant Company securities;

- (8) no person who has an arrangement with the Company or with an associate of the Company had any interest in or right to subscribe for, or had any short position in relation to, any relevant Company securities;
  - (9) save as disclosed in this paragraph 4, neither the Company nor any of the Directors (including any members of such Directors' respective immediate families, related trusts or connected persons) had any interest in or right to subscribe for, or had any short position in relation to, any relevant MVI securities;
  - (10) the Company had not redeemed or purchased any relevant Company securities during the disclosure period;
  - (11) neither the Company nor any person acting in concert with the Company had borrowed or lent any relevant Company securities, save for any borrowed shares which have either been on-lent or sold; and
  - (12) neither MVI nor any person acting in concert with MVI had borrowed or lent any relevant Company securities.
- (C) Save as disclosed in this document, there exist no agreements, arrangements or understandings (including any compensation arrangement), between either MVI or any person acting in concert with MVI and any of the Directors, recent directors, Shareholders, recent shareholders or any person interested or recently interested in Ordinary Shares. Similarly, neither MVI nor any person acting in concert with MVI has entered into agreements, arrangements or understandings (including any compensation arrangement) with any of the Directors, recent directors, Shareholders, recent shareholders or any person interested or recently interested in Ordinary Shares which are dependant upon the outcome of the Conversion. MVI has not entered into any agreement, arrangement or understanding to transfer any interest acquired in the Company as a result of the Conversion.

## **5. SERVICE AND EMPLOYMENT CONTRACTS AND EMOLUMENTS**

- (A) The Directors currently have the following service agreements or letters of appointment with the Company:

- (1) Nicholas Harding

Nicholas Harding was appointed as the Chief Executive Officer on 28 November 2007 and is paid £250,000 per annum for that role. His service contract is terminable on 12 months' written notice by either party.

- (2) Matthew Proctor

Matthew Proctor was appointed as the Chief Financial Officer on 25 February 2009 and is paid a base salary of £150,000 per annum for that role. His service contract is terminable on six months' written notice by either party.

- (3) David Williams

David Williams was appointed as Chairman on 16 March 2006. David entered into a letter of appointment dated 16 March 2006 for an initial fixed term of one year. Following this initial term either party is able to terminate the appointment upon six months' written notice. David is required to carry out his duties under this appointment for approximately 12 days per annum. He is paid an annual fee of £40,000 for his appointment.

- (4) Mark Watts

Mark was appointed as a Non-Executive Director on 16 March 2006. Mark entered into a letter of appointment dated 16 March 2006 for an initial fixed term of one year. Following this initial term either party is able to terminate the appointment upon six months' written notice. Mark is required to

carry out his duties under this appointment for approximately 12 days per annum. He is paid an annual fee of £25,000 for his appointment.

(5) Benjamin Shaw

Benjamin was appointed as a Non-Executive Director to the Company on 16 March 2006. Benjamin entered into a letter of appointment dated 16 March 2006 for an initial fixed term of one year. Following this initial term either party is able to terminate the appointment upon six months' written notice. Benjamin is required to carry out his duties under this appointment for approximately 12 days per annum. He is paid an annual fee of £25,000 for his appointment.

(6) (Charles) Blair Sinton

(Charles) Blair was appointed as a Non-Executive Director to the Company on 25 July 2008. Blair entered into a letter of appointment dated 25 July 2008 for an initial fixed term of one year. Following this initial term either party is able to terminate the appointment upon six months' written notice. Blair is required to carry out his duties under this appointment for approximately 12 days per annum. He is paid an annual fee of £40,000 for his appointment.

- (B) Other than as described above, no service contract of any of the Directors has been entered into or amended in the last six months.

## **6. RELATIONSHIP WITH MARWYN**

- (A) David Williams is a director of Marwyn Investments Group and Marwyn General Partner, Mark Watts is a partner of Marwyn Investment Partners and each of David Williams, Mark Watts and Benjamin Shaw are partners of Marwyn Capital, Marwyn Investment Management and Marwyn Management Partners and shareholders in Marwyn Investments Group.
- (B) MVI, a substantial shareholder in the Company, is managed on an arms' length basis by Marwyn Investment Management LLP of which Marwyn Investment Management and Marwyn Investment Partners are the only members, Marwyn General Partner is the general partner, and Marwyn Management Partners is a partner of MVI.

## **7. MATERIAL CONTRACTS**

- (A) Details of the material contracts (not being contracts entered into on the ordinary course of business) which have been entered into by the Company and its subsidiaries in the period commencing 12 February 2008 (being the two years immediately preceding the date of this document) and ending on 11 February 2010 (being the latest practicable date prior to the posting of this document) are as follows:

(1) Nominated Adviser and Broker Agreement

Nominated Adviser and Broker Agreement dated 13 March 2009, between (1) Oriel Securities and (2) Praesepe pursuant to which the Company appointed Oriel Securities to act as nominated adviser and broker to the Company. The retained fee payable under this agreement is £50,000 per annum, payable biannually in advance, together with all reasonable costs, charges and expenses and any applicable VAT. This agreement contains customary undertakings, warranties and indemnities for agreements of this type.

(2) Corporate Finance Advisory Agreement

A corporate finance advisory agreement dated 24 January 2008 between (1) the Company and (2) Marwyn Capital under which Marwyn Capital agreed to provide corporate finance advice to the Company for a monthly fee of £15,000. This agreement has been terminated.

### (3) Facility Agreement

On 4 July 2008, the Company entered into an acquisition facility agreement between, amongst others, (1) the Company and certain of its subsidiaries as borrowers and guarantors and (2) Barclays Bank plc. The facility made available pursuant to the facility agreement is for a maximum amount of £3,795,000 and for a term of two years. The purpose of the facility was to part-finance the acquisition of H.J.M. Caterers Limited and E&J Hall Investments Limited in July 2008. The interest rate is calculated as the aggregate of the applicable margin, LIBOR and mandatory costs (as defined therein). The Company has given the usual undertakings and security for this type of facility, including cross guarantees between the Company and its subsidiaries. In addition, the Company and its subsidiaries have undertaken to provide the usual information requirements for this type of facility.

### (4) Subscription Agreement and Options

On 25 June 2008, the Company and Praesepe (UK) entered into conditional subscription agreements with each of (i) Nicholas Harding, (ii) Susan Ball, (iii) Jonathan Hughes and (iv) Byron Evans whereby they, in aggregate, subscribed for 5,000 Management Participation Shares for an aggregate price of £2,500. The rights of the Management Participation Shares are set out in the articles of association of Praesepe (UK). These subscription agreements set out the vesting conditions that apply to these shares.

On the same date, the Company granted Marwyn Management Partners the Marwyn Participation Option. Details of these are set out in the admission document published by the Company dated 4 July 2008.

### (5) Acquisition of H.J.M. Caterers Limited and E&J Hall Investments Limited

Pursuant to a sale and purchase agreement dated 4 July 2008 between (1) the Company and (2) Jonathon Shipley and Joy Hall, the Company conditionally agreed to acquire the entire issued share capital of H.J.M. Caterers Limited and E&J Hall Investments Limited. The acquisition was conditionally upon, amongst other things, the approval of certain resolutions by the shareholders of the Company in general meeting and admission to trading on AIM of the consideration shares and associated placing shares.

The consideration for the acquisition was £25.0 million on a cash free, debt free basis subject to an upward or downward agreed net asset adjustment and an adjustment for any pre-completion VAT repayments and/or insurance claims. The consideration was satisfied by the issue of the 13,636,364 Ordinary Shares to the vendors and the balance in cash.

The vendors agreed to give certain customary warranties relating to H.J.M. Caterers Limited and E&J Hall Investments Limited, including warranties relating to the vendors' financial matters, contracts, assets, properties, IP, gaming licences, regulatory matters, litigation and employees. These warranties are subject to certain limitations and restrictions on bringing claims and to certain general and specific disclosures. In particular, the Company is unable to recover under the warranties in the event that a claim is not made on or before the date which is two years after the date of completion of the acquisition. The maximum liability of the vendors in respect of claims under the warranties (including all costs and expenses payable by them in relation to any such claim) is limited to £16 million.

Pursuant to the acquisition agreement, the vendors gave certain limited covenants to protect the goodwill of H.J.M. Caterers Limited and E&J Hall Investments Limited for two years following completion of the acquisition.

The vendors agreed to indemnify the Company for all losses it may incur by reason of the transfer of the certain excluded assets from the transaction, save for certain agreed trading and tax liabilities.

The acquisition agreement also contains certain provisions whereby the vendors shall have conduct of any claims by H.J.M. Caterers Limited and E&J Hall Investments Limited against HMRC for the

repayment of VAT as the result of VAT treatment of gaming machines takings and the issue of loan notes to the vendors in the event of recovery from HMRC.

The Company and the vendors agreed a tax covenant pursuant to which the vendors indemnified the Company for all pre-completion tax liabilities of H.J.M. Caterers Limited and E&J Hall Investments Limited subject to customary limitations. In addition the net asset adjustment included, *inter alia*, £1.0 million with regard to extra tax and fees for the benefit of the vendors.

(6) Hive Down Agreement

Under the hive down agreement entered into between (1) the Company and (2) Praesepe (UK) Limited, Praesepe (UK) Limited conditionally agreed to acquire and the Company agreed to sell or procure the sale of the entire issued and to be issued share capital of H.J.M. Caterers Limited and E&J Hall Investments Limited as at the completion date of the acquisition.

The consideration for the entire issued share capital of H.J.M. Caterers Limited and E&J Hall Investments Limited was £25.0 million subject to an upward or downward agreed net asset adjustment and any other post-completion adjustment that occurred under the acquisition agreement described above.

The consideration was satisfied by (1) an intra-company loan which remains outstanding on an inter-company loan account payable on the Company's written demand for an amount equal to the debt facility referred to above and (2) the balance by way of the allotment to the Company of such number of shares in the share capital of Praesepe (UK) equal to the market value of such balance. Any post-completion adjustment by way of (1) the further allotment to the Company of such number of shares in the share capital of Praesepe (UK) equal to the market value of such balance or (2) the payment in cash by the Company to Praesepe (UK) of an amount equal to the value of such adjustment.

The hive down agreement was conditional upon (1) the acquisition agreement having become unconditional in all respects and completed in accordance with its terms and (2) the legal and beneficial title to the shares in H.J.M. Caterers Limited and E&J Hall Investments Limited having passed from the vendors to the Company in accordance with the terms of the acquisition agreement.

In addition, the Company agreed to assign all of its rights under the acquisition agreement to Praesepe (UK), which included all rights under the warranties contained in the acquisition agreement.

(7) Lock-in Agreement

- (a) On 4 July 2008, (1) Jonathon Shipley, (2) the Company and (3) Numis Securities entered into a lock-in agreement pursuant to which Jonathon Shipley agreed not to dispose of any of his interests in the consideration shares received on the sale of H.J.M. Caterers Limited and E&J Hall Investments Limited (and any other Ordinary Shares held by him at admission of the consideration shares and placing shares to trading on AIM), save for 4,545,456 Ordinary Shares that were not subject to the agreement for a period of 12 months following admission of the consideration shares and placing shares to trading on AIM and, for a further period of 12 months only to dispose of such shares through Numis Securities Limited or the brokers for the time being of the Company in such a way as to maintain an orderly market. In addition, Jonathan Shipley, agreed that for a period of 12 months following admission of the consideration shares and placing shares to trading on AIM, he would only dispose of the remaining 4,545,456 consideration shares through Numis Securities Limited or the brokers for the time being of the Company.

(8) Placing Agreements

- (a) A placing agreement dated 4 July 2008 between (1) the Company (2) David Williams, Nicholas Harding, Mark Watts, Benjamin Shaw and James Corsellis (3) Susan Ball and Charles Blair Sinton and (4) Numis Securities Limited pursuant to which Numis

Securities Limited agreed to conditionally procure subscribers for certain placing shares. The Company agreed to pay Numis Securities Limited a placing commission of 3.25 per cent., an underwriting commission of 0.5 per cent on the 55,500,000 Ordinary Shares being underwritten by Numis Securities Limited and a corporate finance advisory fee of £185,000. Under the placing agreement, the Company, the directors and proposed directors gave certain customary warranties, indemnities and undertakings to Numis Securities Limited in connection with the placing and other matters relating to the Company and its affairs.

- (b) A placing agreement dated 12 February 2010 between (1) the Company and (2) Oriel Securities pursuant to which Oriel Securities agreed to conditionally procure subscribers for the New Ordinary Shares. The Company agreed to pay Oriel Securities a placing commission of 3 per cent. of the aggregate amount of Placing Shares being placed by Oriel Securities and a corporate finance advisory fee of £40,000. Under the placing agreement, the Company has given certain customary warranties, indemnities and undertakings to Oriel Securities in connection with the Placing and other matters relating to the Company and its affairs. The placing agreement may be terminated in certain circumstances prior to Admission including by reason of *force majeure*.

(9) MVI Lock-In Agreement

On 4 July 2008, (1) MVI, (2) the Company and (3) Numis Securities Limited entered into a lock-in agreement pursuant to which MVI agreed not to dispose of any of its interests in any of the new Ordinary Shares issued pursuant to the acquisition of H.J.M. Caterers Limited and E&J Hall Investments Limited and associated placing that it will hold, directly or indirectly (and any other Ordinary Shares held by it at admission of the consideration shares and placing shares to trading on AIM) for a period of 12 months following admission of the consideration shares and placing shares to trading on AIM and, for a further period of 12 months only to dispose of such shares through Numis Securities Limited or the brokers for the time being of the Company in such a way as to maintain an orderly market.

(10) Accommodation and Support Services Agreement

An agreement dated 1 January 2008 between (1) the Company and (2) Marwyn Partners Limited pursuant to which Marwyn Partners Limited provides temporary accommodation and associated back office support services (including secretarial and IT support) for a fee of £5,000 plus VAT per month. This agreement has been terminated.

(11) Acquisition of Issue Depth Limited

A sale and purchase agreement dated 1 June 2009 between (1) Cashino Gaming Limited and (2) Charles Elder and John Whitfield pursuant to which Cashino Gaming Limited agreed to acquire the share capital of Issuedepth Limited for a consideration of £1,500,000.

(12) Acquisition of United Leisure Limited

A sale and purchase agreement dated 8 September 2009 between (1) Praesepe UK Limited (2) United Leisure Centres Limited and (3) Michael Barrie Pemberton pursuant to which Praesepe UK Limited acquired the entire issued share capital of United Leisure Limited for a consideration of £1.

(13) Acquisition of the business and assets of 13 trading AGC and FEC sites in South West England and South Wales from Case Concepts Limited, its subsidiaries and related businesses

An agreement dated 8 October 2009 between (1) Cashino Gaming Limited and (2) Case Concepts Limited and its related companies pursuant to which Cashino Gaming Limited acquired part of the AGC and FEC business from Case Concepts Limited and its related companies for a total consideration of £6,317,487.

(14) Loan Notes

The Company issued the Loan Notes pursuant to the Loan Note Instruments as more particularly described in paragraph 5 of Part I of this document.

- (B) MVI and its subsidiaries in the period commencing 12 February 2008 (being the two years immediately preceding the date of this document) and ending on 11 February 2010 (being the latest practicable date prior to the posting of this document) have not entered into any material contracts (not being contracts entered into in the ordinary course of business).

**8. PLACING ARRANGEMENTS**

- (A) The Company and Oriel Securities have entered into a placing agreement dated 12 February 2010 pursuant to which Oriel Securities has agreed to conditionally procure subscribers for the Placing Shares. More details of the placing agreement can be found in paragraph 7 above.
- (B) CIC has entered into a co-distribution agreement with Oriel Securities, pursuant to which it will be entitled to receive a commission of between 1.5-3.0 per cent. (as set out in the co-distribution agreement) of the aggregate amount of shares placed by Oriel Securities with investors introduced by CIC pursuant to the Placing, amounting to £130,299 in total (such commission to be deducted by Oriel from the commission payable to it by the Company under the Placing Agreement). Marwyn Capital currently holds 51 per cent. of the voting rights in CIC. David Williams, Mark Watts and Benjamin Shaw are all partners of Marwyn Capital.

**9. GENERAL**

- (A) Save as disclosed in this document, no agreement, arrangement or understanding (including any compensation arrangement) exists between MVI or any person acting in concert with MVI for the purposes of the Conversion and any of the directors or recent directors, shareholders or recent shareholders of the Company or any person interested or recently interested in Ordinary Shares having any connection with or dependence on, or which is conditional on the outcome of the Conversion.
- (B) Oriel Securities has given and not withdrawn its written consent to the issue of this document with the inclusion herein of the references to its name in the form and context in which they appear. Oriel Securities is authorised and regulated by the Financial Services Authority.
- (C) No proposal exists in connection with the Conversion that any payment or other benefit shall be made or given by MVI to any Director as compensation for loss of office or as consideration for, or in connection with his retirement from office.
- (D) Save for its individual effect on the level of payments which may be payable under bonus arrangements already in place, the total emoluments of MVI will not be varied as a consequence of the Conversion.
- (E) Save as disclosed in the interim results of the Company for the 28 weeks to 12 July 2009 and as publicly announced on the RNS, there has been no material change in the financial or trading position of the Company since 31 December 2008, being the date to which the last published audited accounts of Praesepe were prepared.
- (F) A copy of this document is available on the following website: <http://www.praesepeplc.com>.
- (G) The constitutional documents of MVI are not publicly available.

**10. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents will be available for inspection at (i) the registered office of the Company at 201 Bishopsgate, London EC2M 3AF, (ii) on the following website: <http://www.praesepeplc.com> and

(iii) at the offices of Jones Day, 21 Tudor Street, London EC4Y 0DJ during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) until the date following the General Meeting:

- (A) the Memorandum and Articles of Association of the Company;
- (B) the audited and consolidated accounts of the Company referred to in Part II;
- (C) the material contracts referred to in paragraph 7 above that relate specifically to the Proposals and the Marwyn Proposal;
- (D) a copy of the irrevocable undertaking given by MVI; and
- (E) the written consent referred to in paragraph 9 above.

Dated 12 February 2010

# PRAESEPE PLC

(Registered in England and Wales with number 5745526)  
(the “Company”)

## NOTICE OF GENERAL MEETING

Notice is hereby given that a general meeting of the Company will be held at the offices of Jones Day, 21 Tudor Street, London, EC4Y 0DJ on 1 March 2010 at 10.00 a.m.. You will be asked to consider and vote on the resolutions below, resolution 1 will be proposed as an ordinary resolution and resolution 2 will be proposed as a special resolution.

### 1. Ordinary Resolution

**THAT**, the waiver granted by the Panel on Takeovers and Mergers of any obligation that would otherwise arise on Marwyn Value Investors LP or any person acting in concert with Marwyn Value Investors LP to make a general offer to the shareholders of the Company pursuant to Rule 9 of the Takeover Code on Takeovers and Mergers as a result of the issue of 116,321,845 ordinary shares to Marwyn Value Investors LP pursuant to the conversion of the loan notes issued to Marwyn Value Investors LP by the Company on 19 October 2009 be and hereby is approved.

### 2. Special Resolution

**THAT**, subject to the passing of resolution 1 above:

- (i) any provision of the Company’s Articles of Association setting the maximum amount of shares that may be allotted by the Company be and is hereby revoked pursuant to paragraph 42(2)(b) of Schedule 2 of the Companies Act 2006 (Commencement No. 8, Transitional Provisions and Savings) Order 2008;
- (ii) each issued ordinary share of 10 pence each in the capital of the Company be sub-divided into one new ordinary share of 1 pence each (each, a “**New Ordinary Share**”) and one deferred share of 9 pence each (each, a “**Deferred Share**”) with each new class of shares having the rights set out in the articles of association (“**Articles of Association**”) of the Company as amended pursuant to paragraph (iii) of this Resolution;
- (iii) the Articles of Association of the Company be and are hereby amended in the manner set out below:
  - (a) the existing definition of “Ordinary Shares” be deleted in its entirety and be substituted in its place by the following:

“Ordinary Shares” means ordinary shares of 1 pence each in the capital of the Company,
  - (b) a new definition be added as below:

“Deferred Shares” means deferred shares of 9 pence each in the capital of the Company,
  - (c) Article 4.1 be deleted in its entirety
  - (d) a new Article 4A be added as below:

#### “4A DEFERRED SHARE RIGHTS

4A.1 The holders of Deferred Shares shall not by virtue of or in respect of their holdings of Deferred Shares have the right to receive notice of any general meetings of the Company nor the right to attend, speak or vote at any such general meeting. The Deferred Shares shall not entitle their holders to receive any dividend or other distribution or to participate in any way in the income or profits of the Company. The Deferred Shares shall on the return of assets in a winding up entitle the holders only to the repayment of the amount that is paid up on such shares after repayment of the capital paid up on Ordinary Shares and the payment of

£10,000,000 per Ordinary Share. Save as aforesaid, the holders of the Deferred Shares shall have no interest or right to participate in the assets of the Company. The Company shall have an irrevocable authority at any time after the adoption of this Article:

- (i) to appoint any person on behalf of any holder of Deferred Shares to enter into an agreement to transfer and to execute a transfer of the Deferred Shares to such person as the Board may determine and to execute any other documents which such person may consider necessary or desirable to effect such transfer or to give instructions to transfer any Deferred Shares held in uncertificated form to such person as the Board may determine, in each case without obtaining the sanction of the holder(s) of them and without any payment being made in respect of that transfer;
- (ii) to acquire all or any of the Deferred Shares (in accordance with the provisions of the Companies Act 2006) and in connection with any such acquisition to appoint any person on behalf of any holder of Deferred Shares to enter into any agreement to transfer and to execute a transfer of the Deferred Shares in favour of the Company and to execute any other documents which such person may consider necessary or desirable to effect such transfer or to give instructions to transfer any Deferred Shares held in uncertificated form to the Company, in each case without obtaining the sanction of the holder(s) of them and for a payment of not more than £1.00 for all the Deferred Shares, the subject of such acquisition, and to cancel the same, without making any payment to the holders thereof; or
- (iii) to cancel all or any of the Deferred Shares for no consideration by means of a reduction in capital effected in accordance with the provisions of the Companies Act 2006 or to create or issue further shares in the capital of the Company which rank equally or in priority to the Deferred Shares, without sanction on the part of the holders of the Deferred Shares or otherwise in accordance with the Companies Act 2006; and
- (iv) pending any such transfer or cancellation or acquisition to retain the certificate for any Deferred Shares held in certificated form.

4A.2 Other than as specified in this Article 4A, the Deferred Shares shall not be transferable nor shall the holders of them be entitled to mortgage, pledge, charge or otherwise encumber them or create or dispose of or agree to create or dispose of any interest (within the meaning of section 820 of the Companies Act 2006) whatsoever in any Deferred Shares.”;

- (iv) in substitution for all subsisting authorities to the extent unused, other than in respect of any allotments made pursuant to offers or agreements made prior to the passing of this resolution, the directors of the Company be and they are generally and unconditionally authorised for the purposes of section 551 of the Companies Act 2006 (the “Act”) to exercise all the powers of the Company to allot shares or grant rights to subscribe for or to convert any security into shares in the Company (“**Relevant Securities**”) up to an aggregate nominal amount of £1,968,612.37, representing 196,861,237 New Ordinary Shares provided that this authority shall expire on the date which is five years after the date of this resolution, save that the Company may before such expiry make an offer or agreement which would or might require Relevant Securities to be allotted after such expiry and the directors of the Company may allot Relevant Securities in pursuance of such offer or agreement as if the authority conferred hereby had not expired; and
- (v) in substitution for all subsisting authorities to the extent unused, other than in respect of any allotments made pursuant to offers or agreements made prior to the passing of this resolution, the directors of the Company be and they are empowered pursuant to section 571 of the Act to allot equity securities (within the meaning of section 560 of the Act) for cash pursuant to the authority conferred by (iv) above as if section 561(1) of the Act did not apply to any such allotment, provided that this power shall be limited to:

- (a) the allotment of equity securities pursuant to the placing described in the circular to shareholders dated 12 February 2010 (the “**Circular**”) up to an aggregate nominal amount of £800,000, representing 80,000,000 New Ordinary Shares; and
- (b) the allotment of equity securities pursuant to the conversion of the loan notes as described in the Circular up to an aggregate nominal amount of £1,168,612.37, representing 116,861,237 New Ordinary Shares,

and the power hereby conferred shall expire on the date which is five years after the date of this resolution save that the Company may before the expiry of any power contained in this resolution make an offer or agreement which would or might require equity securities to be allotted after such expiry and the directors may allot equity securities in pursuance of such offer or agreement as if the power conferred hereby had not expired.

By order of the Board

**Nicholas Harding**  
*Chief Executive Officer*

**Registered office:**  
201 Bishopsgate  
London  
EC2M 3AF

**Notes:**

1. In order to comply with the Takeover Code, voting on resolution 1 will be taken on a poll and Marwyn Value Investors LP has undertaken not to vote on the resolution.
2. Any member entitled to attend and vote at the General Meeting may appoint a proxy to attend, speak and vote on his/her behalf. A member may appoint more than one proxy in relation to the General Meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares of the member. A proxy need not be a member. To appoint more than one proxy you may photocopy the proxy form and indicate on each form the proxy holder’s name and the number of shares in relation to which they are authorised to act as your proxy (which, in aggregate, should not exceed the number of shares held by you). Please also indicate if the proxy instruction is one of multiple instructions being given. All forms must be signed and should be returned together in the same envelope. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and, on a poll, vote instead of him. A proxy need not be a member of the Company. A form of proxy is enclosed with this notice.
3. Proxy Forms should be lodged with the Registrars of the Company at Capita Registrars (Proxies), The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU and submitted not later than 48 hours before the time appointed for the holding of the meeting. Completion of the appropriate Proxy Form does not prevent a member from attending and voting in person if he/she is entitled to do so and so wishes.
4. In the case of joint holders, the vote of the senior who tenders the vote whether in person or by proxy will be accepted to the exclusion of the votes of the other joint holders and for this purpose seniority will be determined by the order in which names stand in the Company’s relevant register of members for certificated or uncertificated shares of the Company (as the case may be) (the “Register”) in respect of the joint holding.
5. In accordance with Regulation 41 of the Uncertificated Securities Regulations 2001, the Company gives notice that only those ordinary shareholders entered on the Register at 10.00 a.m. on 27 February 2010 (the “**Specified Time**”) will be entitled to attend or vote at the General Meeting in respect of the number of shares registered in their name at that time. Changes to entries on the Register after the Specified Time will be disregarded in determining the rights of any person to attend or vote at the General Meeting. Should the General Meeting be adjourned to a time not more than 48 hours after the Specified Time, that time will also apply for the purpose of determining the entitlement of members to attend and vote (and for the purpose of determining the number of votes they may cast) at the adjourned General Meeting. Should the General Meeting be adjourned for a longer period, then to be so entitled, members must be entered on the Register at the time which is 48 hours before the time fixed for the adjourned General Meeting or, if the Company gives notice of the adjourned General Meeting, at the time specified in the notice.

6. CREST personal members or other CREST sponsored members, and those CREST members who have appointed voting service provider(s), should refer to their CREST sponsors or voting service providers, who will be able to take the appropriate action on their behalf.
7. In order to facilitate voting by corporate representatives at the meeting, arrangements will be put in place at the meeting so that (i) if a corporate shareholder has appointed the chairman of the meeting as its corporate representative to vote on a poll in accordance with the directions of all of the other corporate representatives for that shareholder at the meeting, then on a poll those corporate representatives will give voting directions to the chairman and the chairman will vote (or withhold a vote) as corporate representative in accordance with those directions; and (ii) if more than one corporate representative for the same corporate shareholder attends the meeting but the corporate shareholder has not appointed the chairman of the meeting as its corporate representative, a designated corporate representative will be nominated, from those corporate representatives who attend, who will vote on a poll and the other corporate representatives will give voting directions to that designated corporate representative. Corporate shareholders are referred to the guidance issued by the Institute of Chartered Secretaries and Administrators on proxies and corporate representatives ([www.icsa.org.uk](http://www.icsa.org.uk)) for further details of this procedure. The guidance includes a sample form of appointment letter if the chairman is being appointed as described in (i) above.

