

Praesepe PLC

("Praesepe" or the "Company")

Placing of 51,000,000 Ordinary Shares of 10p each and Trading Update

Key Highlights

- Conditional placing to raise £5.1m to strengthen balance sheet and fund further acquisitions
- Proposed government review of machine stakes and prizes to drive revenue growth
- Deferral of investment in new machines and delayed acquisition impacts 2008 revenues
- Board appoints new Chief Financial Officer

The Board of Praesepe (LSE: PRA) is pleased to announce the placing of 51,000,000 new ordinary shares at 10p to raise approximately £5.1m before expenses. The placing is conditional, *inter alia*, on the passing of resolutions by shareholders at a general meeting and will provide additional working capital for the Company and provide funds for further identified acquisitions in the UK adult gaming sector in line with the current business strategy.

Last month the DCMS announced its intention to increase both stakes and prizes on Category C machines, which represent the majority of gaming machines operated by the Company's Cashino business. The Board expects the revised stake and prize structure, which remains subject to UK Parliament and EU ratification, to have a significant and positive impact on revenues from summer 2009 onwards.

Trading has proved resilient to the current economic environment, which the Directors believe is partly attributable to the low stake nature of AGC gaming and the "value for money" proposition of the Cashino AGCs. However, full year revenue to December 2008 was lower than originally expected. This was due to a management decision to defer investment in new machines pending the Government review, together with delays in the completion of the acquisitions of H.J.M. Caterers Limited and E&J Hall Investments Limited and subsequent implementation of Praesepe best operational practices.

Nick Harding, Chief Executive Officer of Praesepe, said: "I am confident that our decision to delay investment in new machines will prove justified in the medium term despite the short term impact in 2008. The benefits of the Praesepe management strategy are now clearly being demonstrated and the board is very excited about the potential of the new Category C machines and their impact on revenue growth."

The Company plans to publish its preliminary results for the year to 31 December 2008 in March 2009.

Separately, the Board announces the appointment of Matthew Proctor as Chief Financial Officer. Mr Proctor, 41, joins from Gala Coral Group Ltd, a market leader in the UK gaming industry, where he was Group Finance Director and a member of the Group Executive Committee. Mr Proctor has worked at Gala Coral for seven years and was responsible for all aspects of the group finance function, including operational evaluation, capital investment appraisal and long term business planning and strategy.

Nick Harding, CEO of Praesepe, said: "Matthew has worked in the UK gaming industry for several years and has established a reputation as a first class operational Finance Director with impeccable credentials. As a founding member of the Transaction Services Group at PricewaterhouseCoopers, he has provided business advisory services to a wide range of corporate and private clients. I look forward to the strong contribution he will make to the Board."

Mr Proctor will take over from Sue Ball who has decided to step down as a Director and Chief Financial Officer of Praesepe plc on 10 February 2009. Ms Ball will continue working with the

Company until the end of February in order to ensure a smooth handover. Ms Ball is leaving to pursue other business activities.

Mr Harding said: "Sue has made an invaluable contribution to the establishment and early development of Praesepe and its first acquisition. I would like to thank Sue for her efforts and wish her the very best for the future."

ENDS

Enquiries:

Praesepe plc

Nick Harding, Chief Executive Officer Tel: +44 (0)19 0822 4882

Brunswick

Chris Blundell Tel: +44 (0)20 7404 5959

JPMorgan Cazenove

Nick Garrett Tel: +44 (0)20 7588 2828

JPMorgan Cazenove Limited ("JPMC"), which is authorised and regulated in the United Kingdom by the Financial Services Authority, is the Company's nominated adviser and is acting exclusively for the Company in connection with the arrangements described in this announcement and will not be responsible to any other person for providing the protections afforded to customers of JPMC or for advising any other person in respect of the arrangements described in this announcement. JPMC's responsibilities as the Company's nominated adviser under the AIM Rules for Nominated Advisers are owed to London Stock Exchange and are not owed to the Company or to any director of the Company or to any other person in respect of his decision to acquire shares in the Company in connection with the arrangements described in this announcement. No representation or warranty, express or implied, is made by JPMC as to any of the contents of this announcement.

Introduction

The Placing will involve the issue of 51,000,000 Ordinary Shares of 10 pence per share to existing and new shareholders to raise approximately £5.1 million (before expenses). Immediately following the Placing there will be a total of 220,113,638 Ordinary Shares in issue.

The Placing is conditional, inter alia, upon the passing of the Resolutions at the General Meeting and Admission of the New Ordinary Shares to trading on AIM taking place by no later than 27 February 2009 in respect of VCT Placing Shares and 2 March 2009 in respect of General Placing Shares.

The General Meeting has been convened for 10.00 a.m. on 26 February 2009, whereupon the Shareholders will be asked to consider and, if thought fit, approve the Resolutions required inter alia to implement the Placing.

The New Ordinary Shares will rank *pari passu* in all respects with the other Ordinary Shares then in issue. If the Resolutions are approved at the General Meeting, application will be made to the LSE for the New Ordinary Shares to be admitted to trading on AIM and it is expected that in the event of the General Meeting taking place on 26 February 2009 dealings in the New Ordinary Shares will commence on AIM on 27 February 2009 in respect of VCT Placing Shares and on 2 March 2009 in respect of General Placing Shares.

In addition, as set out in more detail below, the proposed participation of Marwyn Neptune Fund 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.

Background – Stakes and Prizes Review

The Directors welcome the recent announcement by the DCMS of its intention to increase the maximum stakes and prizes of Category C machines from 50p and £35 to £1 and £70, respectively. The proposed increases, which remain subject to UK Parliament and EU ratification, are expected to be implemented in the second quarter of 2009. This change would be the single largest to impact Category C machines for thirty years and is expected to provide a significant boost to an industry which is still recovering from the impacts of the Smoking Ban, implementation of the Gambling Act in the UK and the current economic climate. The Category C stakes and prizes review is expected to result in like-for-like revenue growth of up to 20 per cent. for such machines.

The Directors believe that Praesepe is well positioned to benefit from the proposed increase in Category C stakes and prizes for the following key reasons:

- (i) Approximately 55 per cent. of Praesepe's machines are Category C machines;
- (ii) The Gambling Act resulted in reduced stakes for some AGC gaming machines and as a result, a number of customers migrated to LBOs where higher stake Category B2 machines were available. Following the Category C stakes and prizes review and the proposed increase in stakes from 50p to £1 and in prizes from £35 to £70, the Directors believe that some of these lost customers may return to the softer gaming environment of AGCs over time;
- (iii) Benefits of operational leverage – Praesepe's cost base is largely fixed and therefore the Directors believe any increase in revenue could be expected to have a more than proportionate impact on the profitability of the business;
- (iv) Availability of new machines – the availability of new and innovative Category C machines has been in decline due to customers' perception that these machines offer 'poor value for money', manufacturers' focus on B3 machines following the implementation of the Gambling Act in September 2007 and, more recently, the fact that operators and manufacturers have been waiting for clarity on the outcome of the stakes and prizes review. Machine manufacturers have already developed some exciting new content for Category C machines with the new £1/£70 configuration, as demonstrated at the International Gaming Exhibition in late January;
- (v) Access to new machines – the Praesepe management team has a good relationship with a number of major machine manufacturers that can provide priority access to new and innovative machines; and

- (vi) Praesepe operates a number of Category C machines on a revenue-share basis which results in an aligned financial interest between the manufacturers and Praesepe, and therefore may contribute to the Praesepe estate being given conversion priority over other purchase orders.

The stake and prize ratios for Category B3 machines are due for review in June 2009. The trade association, BACTA, will be lobbying for an increase in the maximum stake from £1 to £2. The Directors believe that this would stimulate further revenue growth for the industry.

Reasons for the Placing and use of proceeds

The principal purpose of the Placing is to provide additional funds for the Company to pursue its current business plan. Such additional funds may be utilised to fund further acquisitions as detailed below.

The environment for operators in the LSHV gaming market remains challenging following the implementation of the Smoking Ban in England and the Gambling Act in the UK in July 2007 and September 2007, respectively. This, together with the fragmented nature of the LSHV gaming market in the UK and the Directors' relationships within the industry, has provided the Company with a pipeline of acquisition opportunities ranging from smaller transactions through to larger medium-to-longer term transformational opportunities.

Praesepe has negotiated in principle non-binding terms relating to the potential acquisitions of up to three UK AGC businesses. Should formal agreement be reached in relation to one or more of those potential acquisitions, a proportion of the proceeds of the Placing will be used to fund the purchase price.

The Directors believe that should any of these acquisition opportunities result in a purchase by Praesepe, then the acquired business would benefit from Praesepe's management expertise. Benefits for the business might include improved machine sourcing and management, "Cashino" rebranding, better customer service and the implementation of customer loyalty and staff incentivisation programmes. Should any acquisitions be made, the Directors believe that Praesepe would become a business of greater scale with a more recognised brand and greater industry awareness. As such, the Company could be expected to gain access to a greater number of attractive acquisition opportunities and thereby drive sector consolidation.

The net proceeds of the Placing may also be used to strengthen the Company's balance sheet further, to invest in new Category C machines and to continue to explore other potential investment opportunities. Together, these opportunities represent an incremental step in Praesepe's stated consolidation strategy.

Details of the Placing and Admission

The Company intends to raise £5.1 million, before expenses, through the issue of 51,000,000 New Ordinary Shares at the Placing Price pursuant to the Placing.

The New Ordinary Shares will in total represent 23.2 per cent. of the Enlarged Share Capital. Due to the requirements of the VCT schemes, the Company will conduct two placings. The VCT Placing Shares will be placed with VCTs and the General Placing Shares will be offered to other investors who will not be seeking relief under any VCT legislation.

The Placing is conditional upon the following:

- (i) in respect of any VCT Placing Shares (a) the Resolutions being passed and (b) First Admission having become effective on or before 27 February 2009; and
- (ii) in respect of any General Placing Shares, (a) the Resolutions being passed and (b) Second Admission having become effective on or before 2 March 2009.

Application will be made to the London Stock Exchange for the New Ordinary Shares to be admitted to trading on AIM. It is expected that, subject to, inter alia, the passing of the Resolutions, First Admission will become effective and the dealings in the VCT Placing Shares will commence at 8.00

a.m. on 27 February 2009 and Second Admission will become effective and the dealings in the General Placing Shares will commence at 8.00 a.m. on 2 March 2009.

Subscribers for VCT Placing Shares should note that there can be no guarantee that Second Admission will take place when expected, or at all, and it is possible that the VCT Placing will proceed in circumstances where the General Placing does not proceed. No temporary documents of title will be issued. All documents sent by or to a Shareholder, or at his direction, will be sent through the post at the Shareholder's risk. Pending the dispatch of definitive share certificates (as applicable), instruments of transfer will be certified against the register of members of the Company.

If the Resolutions are not passed at the General Meeting, the Placing will not be completed and the Existing Ordinary Shares will continue to trade on AIM.

The New Ordinary 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.

CIC has entered into an arrangement with the Company pursuant to which it will be entitled to commissions of 3 per cent. of funds raised by CIC pursuant to the Placing, excluding funds subscribed for by Marwyn Neptune Fund, equalling £94,500 in total. Marwyn Capital is the Company's financial adviser and pursuant to the Placing will be entitled to a transaction fee of £125,000. David Williams, Mark Watts and Benjamin Shaw are all partners of Marwyn Capital. Marwyn Capital is a 50 per cent. partner in CIC.

Related Party Transactions

As at 9 February 2009 (the latest practicable date prior to the publication of this announcement), Marwyn Neptune Fund holds 65,181,819 Existing Ordinary Shares, representing approximately 38.5 per cent. of the Existing Share Capital and is, as such, a "substantial shareholder" in the Company. It is intending to maintain its shareholding in the Company and, as such, has subscribed for 19,500,000 New Ordinary Shares pursuant to the Placing and, immediately following Second Admission, will hold a total of 84,681,819 Ordinary Shares, representing approximately 38.5 per cent. of the Enlarged Share Capital. By virtue of Marwyn Neptune Fund being a "substantial shareholder" of the Company, this subscription will constitute a "related party transaction" for the purposes of AIM Rule 13. The Directors, who have consulted with JPMorgan Cazenove Limited ("JPMC") in its capacity as Nominated Adviser to the Company, consider that the terms of Marwyn Neptune Fund's participation in the Placing are fair and reasonable insofar as the Company's shareholders are concerned.

Directors' Interests

The interests of the Directors (and their immediate families and or persons connected with them), as at the date of this announcement and on completion of the Placing, in the issued share capital of the Company are as follows:

	<i>Existing Holding</i>		<i>Number of Ordinary subscribed for in Placing</i>	<i>Holding post Placing</i>	
	<i>Number of Ordinary Shares</i>	<i>%</i>		<i>Number of Ordinary Shares</i>	<i>%</i>
David Jeffrey Williams	—	—	—	—	—
SG Hambros Trust Company (Channel Islands) Limited ¹	909,090	0.54	—	909,090	0.41

Mark Irvine John Watts	—	—	—	—	—
Benjamin Howard Shaw	—	—	—	—	—
Charles Blair Ritchie Sinton	—	—	—	—	—

- 1 Nicholas Harding and certain of his relatives are potential beneficiaries of the SG Hambros Trust Company (Channel Islands) Limited which holds 909,090 Ordinary Shares. Nicholas Harding has no other interest in the share capital of the Company.

Current Trading

Praesepe successfully completed the acquisitions of H.J.M. Caterers Limited and E&J Hall Investments Limited in July 2008 and, in line with strategic directives, subsequently rebranded the businesses under the "Cashino" brand. Since completion, Praesepe's trading has proved resilient to the current economic environment, showing a positive revenue trend as indicated by the Company's unaudited management accounts. The Directors believe that it is the low stake nature of AGC gaming and the "value for money" proposition of the Praesepe AGCs that is contributing to this trend.

The Company's audited full year revenue for the financial year ending 31 December 2008 is expected to be lower than originally planned. The Directors believe this is partly due to a management decision to defer the planned investment in new equipment pending the Government review of Category C stakes and prizes. Furthermore, the acquisitions of H.J.M. Caterers Limited and E&J Hall Investments Limited were completed approximately three months later than anticipated, predominantly due to an internal restructuring required by the seller. This delay created a corresponding deferral of investment in new machines and a lack of focus and direction on behalf of the seller when, post-Smoking Ban and Gambling Act, the business especially needed such investments. As a result, the business suffered some deterioration and the implementation of Praesepe's management expertise, new initiatives and installation of new machines designed to turn the business around were delayed.

In its short period of ownership, Praesepe management has successfully implemented the following strategic initiatives:

- (i) Praesepe has increased the number of dual licences from 9 to 14, resulting in an increase in the number of higher payout and more profitable B3 machines across the estate;
- (ii) Praesepe has improved customer service through a greater focus on entertainment, increasing brand awareness and the implementation of customer loyalty and staff incentivisation programmes;
- (iii) Praesepe has effected a gradual shift towards revenue share on machines, which the Directors believe provides a greater alignment of interest between manufacturers and operators (e.g. priority access to new software), a decrease in the requirement for capital expenditure and an improved return on capital;
- (iv) Praesepe successfully opened one greenfield site in December 2008 and has secured leases on a further six carefully selected sites; and
- (v) Praesepe has successfully launched www.cashinogaming.com in partnership with Jackpotjoy.

The Directors believe the following factors may contribute to a continued recovery in financial performance:

- (i) Regulatory changes, including the recent temporary reduction in VAT to 15 per cent., the proposed increase in stakes and prizes on Category C machines and an injection of new game content configured for the new stake and prize limits. Praesepe management also remain hopeful for a positive outcome of the Category B3 machine review in May 2009;
- (ii) Conversion from AGC to Cash Bingo licences at certain sites to enhance the product offering and cash prize pool and to minimise licence fees;
- (iii) Further greenfield development and the maturity of these carefully selected sites; and

(iv) The impacts of operational leverage on profitability.

Praesepe anticipates releasing its preliminary results for the year ended 31 December 2008 in March 2009.

Board appoints new Chief Financial Officer

Mr Proctor, 41, joins from Gala Coral Group Ltd, a market leader in the UK gaming industry, where he was Group Finance Director and a member of the Group Executive Committee. Mr Proctor has worked at Gala Coral for seven years and was responsible for all aspects of the group finance function, including operational evaluation, capital investment appraisal and long term business planning and strategy.

Mr Proctor will take over from Sue Ball who has decided to step down as a Director and Chief Financial Officer of Praesepe plc on 9 February 2009. Ms Ball will continue working with the Company until the end of February in order to ensure a smooth handover. Ms Ball is leaving to pursue other business activities.

DEFINITIONS

“Act”	the Companies Act 1985 (as amended) or as replaced by the Companies Act 2006 or otherwise to the extent in force and applicable
“Admission”	(i) in relation to the VCT Placing Shares, First Admission; and (ii) in relation to the General Placing Shares, Second Admission
“AIM”	the AIM market of the London Stock Exchange
“AIM Rules”	the AIM Rules for Companies published by the London Stock Exchange governing admission to, and the operation of, AIM
“Capita Registrars”	trading name of Capita Registrars Limited
“CIC”	Co-Investment Capital LLP
“Company” or “Praesepe”	Praesepe plc
“DCMS”	Department for Culture, Media and Sport
“Directors” or the “Board”	the Directors of Praesepe, whose names appear on page 7 of this document
“Enlarged Share Capital”	all of the issued Ordinary Shares including the Existing Ordinary Shares and the New Ordinary Shares immediately following Second Admission
“Existing Ordinary Shares”	the 169,113,638 Ordinary Shares in issue at the date of this document
“First Admission”	admission of the VCT Placing Shares to trading on AIM and such admission becoming effective in accordance with the AIM Rules
“Form of Proxy”	the form of proxy enclosed with this document for use by the Shareholders in connection with the General Meeting
“FSA”	the UK Financial Services Authority
“FSMA”	the UK Financial Services and Markets Act 2000 (as amended)
“General Meeting”	the general meeting of the Company convened for 26 February 2009, notice of which is set out at the end of this document
“General Placing”	the proposed placing of the General Placing Shares with certain institutional and other investors at the Placing Price
“General Placing Shares”	the 33,000,000 new Ordinary Shares to be issued by the Company pursuant to the General Placing
“Group”	the Company and its subsidiaries and subsidiary undertakings at the date of this document
“London Stock Exchange” or “LSE”	London Stock Exchange plc, company number 2075721
“Marwyn Capital”	Marwyn Capital LLP
“Marwyn Neptune Fund”	Marwyn Neptune Fund LP
“New Ordinary Shares”	the VCT Placing Shares and the General Placing Shares
“Notice”	the notice convening the General Meeting, which is set out at the end of this document
“Ordinary Shares”	ordinary shares of 10p each in the share capital of the Company

“Placing” or “Placings”	the placing of the New Ordinary Shares at the Placing Price
“Placing Price”	10 pence per share, being the price at which each New Ordinary Share to be issued under the Placings is valued
“Prospectus Rules”	the Prospectus Rules published by the FSA
“Resolutions”	the resolutions to be proposed at the General Meeting as set out in the Notice
“Second Admission”	admission of the General Placing Shares to trading on AIM and such admission becoming effective in accordance with the AIM Rules
“Shareholders”	holders of Ordinary Shares
“UK”	the United Kingdom of England, Scotland, Wales and Northern Ireland
“US” or “United States”	the United States of America, each State thereof (including the District of Columbia), its territories, possessions and all areas subject to its jurisdiction
“VCT”	a venture capital trust for the purposes of Part 6 of the Income Tax Act 2007
“VCT Placing”	the proposed conditional placing of the VCT Placing Shares with certain institutional investors at the Placing Price
“VCT Placing Shares”	the 18,000,000 new Ordinary Shares to be issued by the Company pursuant to the VCT Placing

GLOSSARY

AGC	means Adult Gaming Centre as defined in the Gambling Act. Under the Gambling Act, AGCs are defined as premises in respect of which an adult gaming centre premises licence has effect
BACTA	means British Amusement Catering Trade Association
Cash Bingo	bingo which requires a Gambling Commission licence and may offer unlimited cash prizes
Cashino	means the brand name given to the 31 sites acquired following the acquisitions of H.J.M. Caterers Limited and E&J Hall Investments Limited in July 2008
Category B3 machines or B3 machines	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
Category C machines	refers to the type of gaming machine licenced by the Gambling Act with a maximum stake of 50p and a maximum prize value of £35
Gambling Act	refers to the Gambling Act 2005
LBO	means Licensed Betting Office
LSHV	means Low Stake High Volume gaming
Smoking Ban(s)	refers to the following: England: under the Health Act, smoking in public places was banned from 1 July 2007 Wales: under the Health Act and The Smoke-Free Premises, etc. (Wales) Regulations 2007, smoking was banned in enclosed public places from 2 April 2008 Scotland: under the Smoking, Health and Social Care (Scotland) Act 2005 and The Prohibition of Smoking in Certain Premises (Scotland) Regulations 2006, smoking was banned in certain premises from 26 March 2006 Northern Ireland: under The Smoking (Northern Ireland) Order 2006, smoking was banned in enclosed and substantially enclosed workspaces and public places from 30 April 2007