

Disposals

MGE
UPS SYSTEMS

France
Trade sale
Services



MGE-UPS Systems

In February, Schneider Electric acquired LGV's holdings in MGE-UPS Systems to take control of the company, enabling the LGV 1 fund to almost double its investment. LGV co-led the secondary buy-out of MGE-UPS in 2000 when Schneider Electric took a 32.3% holding.

MGE-UPS designs, manufactures and services a wide range of uninterruptible power supply systems which protect computers and other sensitive electronic equipment against electrical power distortions and interruptions, through a network covering 37 countries. During our period of ownership, it increased its global share above 10% and continued to improve its operating margins.

LGV's investment in MGE-UPS demonstrates the benefits of the partnership approach adopted between financial investors and trade players in a buy-out, which has been a feature of a number of recent investments led by LGV.

www.mgeups.com



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Autumn 2004 update



Acquisitions

Leisure is a key area of focus for LGV. News of two recent additions to the portfolio in the health & fitness sector through the LGV 3 fund is set out below:



UK
Public-to-private
Leisure

Clubhaus

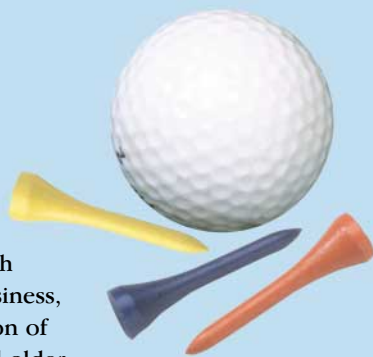
In May, LGV completed the public-to-private of Clubhaus, the UK's leading golf and country club operator, for £57m. The public-to-private was structured to ensure the support of both Clubhaus' bondholders and shareholders.

Clubhaus operates 11 golf and country clubs, including the Castle Royle club near Maidenhead, Nizels near Sevenoaks, and The Tytherington in Macclesfield. Seven of the clubs follow the Clubhaus country club format, offering members a full range of facilities including gym, swimming, spa, sauna, health & beauty, crèche and function rooms. The remaining four golf-only clubs have planning permission to be developed into country clubs and LGV has earmarked further funding to support these developments alongside additional bank finance.

Clubhaus derives the majority of its revenues from the health & fitness side of the business, however the combination of golf, family facilities and older membership helps the business to enjoy low attrition rates.

Clubhaus will focus on developing the existing golf-only clubs and will also look to make selective acquisitions of single sites or small groups of sites.

www.clubhaus.com



TOTAL FITNESS
EXERCISE, HYDROTHERAPY & REHABILITATION CENTRES

Total Fitness

In July, LGV acquired Total Fitness, an operator of 21 health and fitness centres located mainly in the North West of England in a management buy-out.

Total Fitness offers a wide range of services to its members through large purpose built centres, which typically incorporate a large gymnasium, exercise studios, a range of four swimming pools and spa facilities. In addition, several centres include 200m 4-lane indoor running tracks. It services the consumer market as

UK
Management buy-out
Leisure

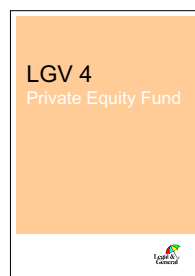
well as providing much needed resources for medical and rehabilitation purposes. The business has a total membership in excess of 150,000 and opened two units in the Manchester area in the first quarter of 2004.

Total Fitness has a unique offering in the health & fitness sector and LGV will continue the successful roll-out of facilities, providing its members with extensive facilities at good value.

www.totalfitness.org

LGV 4 fund closes

In July, LGV closed its fourth private equity fund since 2000. The LGV 4 fund closed with commitments in excess of £180m, an increase of nearly 20% over the level of the previous fund. In line with LGV's strategy of increasing the commitments of third party institutions, LGV was able to attract seven new LPs bringing the total number to 18. Legal & General's Life fund remains the largest direct investor but external investors now represent more than 50% in value of the fund. LGV 4 will continue LGV's existing strategy of mid market buy-outs in the consumer, leisure and services sectors in the UK.



Disposals

LGV had a very successful first quarter of 2004, selling four investments from its post-2000 portfolio as well as Earls Court & Olympia from its 1999 portfolio in May. Three of the exits are described below and overleaf:



UK
Sale to partner
Leisure

Bourne Leisure

In February, LGV realised its investment in Bourne Leisure, selling its shareholding back to the founders and management, in a deal that generated 2.1x its 2000 investment and produced an IRR of 34%.

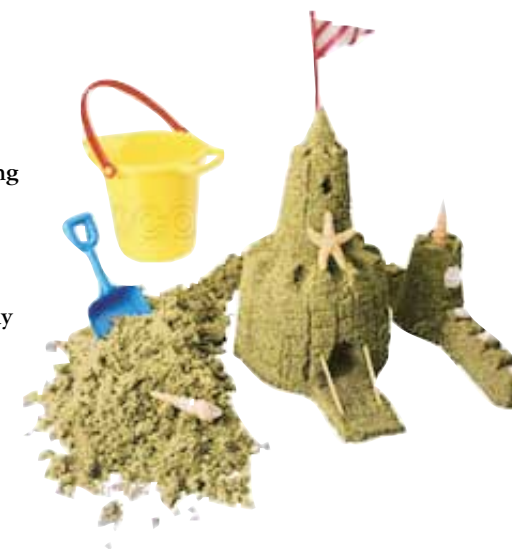
Through its Haven and British Holidays brands, Bourne Leisure is the largest caravan park operator in the UK. It also owns Butlins, which operates three family entertainment resorts, and the Warner chain of 13 "just for adults" hotels.

LGV originally invested in Bourne Leisure in 1997 and in October 2000, LGV provided equity for the acquisition of Rank's Holiday Division. LGV took a minority shareholding in the merged group but was the largest institutional investor in the business with the founders remaining as majority shareholders.

By 2002, 36 smaller Haven caravan parks were sold in a series of separate transactions and Oasis was sold to the owner of Center Parcs for £140m.

Having integrated the head offices and sold the non-core businesses, the emphasis shifted to investing in the remaining portfolio. The success of the strategy and its execution enabled the company not only to repay the mezzanine loan and institutional loan stock early but to raise sufficient senior debt to acquire the institutions' equity within three and a half years of completing the Rank deal.

www.bourneleisuregroup.co.uk



UK
Trade sale
Leisure

The Unique Pub Company

In March, LGV sold its share in The Unique Pub Company to the leading UK tenanted pub company, Enterprise Inns plc.

LGV acquired its stake in Unique in March 2002, when it joined forces with Enterprise and a private equity consortium to purchase the combined estates of the Unique and Voyager pub businesses. At the time of the acquisition, Enterprise acquired a 17% stake and a call option over the consortium's shares. Enterprise exercised its option, which was at a fixed price, allowing LGV to report a return of almost double its investment in just over two years.



LGV's relationship with Enterprise goes back to the 1990s, when it supported the development of a new pub company to capitalise on the pubs made available by the brewers following the 1989 Beer Orders. That company was led by Ted Tuppen and David George, who remain at the helm of the now quoted Enterprise today. LGV joined forces with Enterprise again in 2002, having followed Unique and Voyager for several years. Enterprise is now the largest pub owning company in the UK and recently entered the FTSE 100 Index.

The Unique deal represents another example of LGV's partnership deals, working with trade players to acquire strategically important assets and capitalising on LGV's knowledge of the leisure sector in general and the pub sector specifically.

www.uniquepubs.com