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Summer 2006 update



Acquisitions

LGV acquired its first two investments for the LGV 5 fund during the first half of the year. Details of these acquisitions are set out below:

Integrated
Dental
Holdings

UK
Management buy-out
Healthcare



LGV drills into dentists

In April, LGV completed the buy-out of Integrated Dental Holdings ("IDH"), the largest privately owned company operating NHS dental practices in the UK with more than 130 practices and 550 dentists.

Dental services have been available on the NHS since the creation of the service. However, over the last ten years, patients have been experiencing increasing difficulties in accessing NHS dentistry.

IDH is committed to expanding its services through shared investment with Strategic Health Authorities, Primary Care Trusts and Local Health Boards across the UK to create new NHS dental practices and additional dental access for NHS patients.

In the 18 months prior to the buy-out IDH opened 30 new practices, housing 140 additional dentists and treating 300,000 new patients. This expansion programme has been underpinned by IDH's ability to successfully recruit 300 dentists to work within the NHS over the same period. IDH has entered all of its practices into the new dental contract that came into effect from April this year.

Currently around one million people benefit from treatment by IDH every year and the expectation is that this number will increase substantially as the business opens more practices and extends the range of services it offers its patients.

www.integrateddental.co.uk



UK
Management buy-out
Leisure

LGV acquires caravan park owner South Lakeland Caravans

In June, LGV completed the buy-out of South Lakeland Caravans. South Lakeland owns nine lodge and caravan parks in and around the Lake District and Morecambe Bay regions. Two of its Lake District parks, White Cross Bay and Fallbarrow, are situated on the shore of Lake Windermere, whilst a third, Limefitt, is situated in the Troutbeck Valley. The parks are unique assets, in some of the most picturesque areas of the country.

South Lakeland operates predominantly on the owner-occupier model, generating most of its revenue from the sale of caravans and lodges. It is one of the leading providers of timber-lodge units in the country, which represents a fast growing market. The company also maintains a hire fleet and a small number of touring pitches for caravans and tents. The

UK holiday market is a growing one and Mintel research shows that from 2002 to 2005 the number of holidays taken at UK holiday centres (including lodge & caravan parks) has risen by an average of 2.3% per annum, with prices increasing by 7.3% per annum over the same period.

South Lakeland continues LGV's focus on the leisure industry, one of our core sectors, and builds on our successful experience with caravan parks in the past, having invested in Bourne Leisure in 1997 and supported its acquisition of Rank's Holiday division in 2000.

www.southlakeland-caravans.co.uk



Disposals/refinancings

LGV sold two companies from within its LGV 3 fund portfolio in the first half of the year. Details of these, together with news of the refinancing of Tragus, an investment within the LGV 4 fund, are set out below:



UK
Exit by management buy-out
Leisure

LGV sells The Club Company

In June, LGV sold its interest in The Club Company to Boundary Capital for £96m. This enabled LGV to more than double its investment over a two-year period and generate an IRR of in excess of 50%.

The Club Company is one of the UK's leading golf and country club operators. It has developed a unique club concept combining a traditional golf environment with superb modern health and fitness facilities for the whole family in a country club environment, offering members a full range of facilities including golf courses, gyms, swimming pools, spas, sauna, health & beauty, crèche and function rooms. It operates 11 golf and country clubs, including The Warwickshire, Castle Royle, near Maidenhead and Nizels, near Sevenoaks. The clubs are predominantly freehold or long leasehold.

LGV acquired The Club Company for £57m in a public-to-private transaction when it took Clubhaus plc off the market in May 2004, backing the incumbent management team. At the time, LGV was attracted by the company's high quality asset base, its differentiated product and the opportunity to undertake new developments. Since then LGV supported management in three new expansion projects, where health & fitness facilities were added to existing golf clubs.

www.theclubcompany.com



UK
Exit by management buy-out
Leisure

Disposal of investment in Vue Entertainment

In June, Vue Entertainment, an investment in the LGV 3 fund, was sold to a management buy-out in partnership with Bank of Scotland Corporate, through its Integrated Finance unit, in a deal valued in the region of £350m. The disposal allowed LGV to generate a return of close to double its money.

LGV acquired its investment in Vue in May 2003 when Warner Village was acquired and combined with a small cinema operator called SBC. In 2005 LGV supported the business in its acquisition of the Ster Century UK & Ireland



circuit which added 7 multiplex cinemas to the estate. In the past 2 years of LGV's investment, Vue has seen its market share of the UK and Irish box office increase to over 20%. Vue's circuit has now reached a landmark of 55 cinemas with 544 screens and 126,351 seats which attract over 30 million customers each year. Vue has the most modern cinemas in the UK with over 90% stadium seating, and it won the award for International Exhibitor of the Year at Cinema Expo in 2005.

www.myvue.com



UK
Refinancing
Leisure

Tragus completes refinancing following strong recent performance

In May, Tragus, one of the leading casual dining groups in the UK, which was acquired by LGV in January 2005, completed a refinancing with a new £138m bank facility led by Barclays. The refinancing follows a period of solid cash generation, investment in new sites and strong trading performance of the underlying business. The refinancing has resulted in a lower overall cost of debt to the Group and refreshed and increased to £20m the capital expenditure facility available to fund the development of

new sites as well as allowing LGV to realise an amount in excess of its original investment.

The group has continued its growth programme with new openings in 2006 in Liverpool, Birmingham Mailbox, St Paul's, London and Glasgow. The strong trading performance is a reflection of the growing popularity of the all day format within the expanding casual dining market.

www.tragusholdings.co.uk

