

MARCH 2010

LEISURE FUND LIMITED PARTNERSHIP

FUND CHARACTERISTICS

- Low-medium risk property fund investing solely in prime leisure schemes in UK
- Long unexpired lease term showing bond-like characteristics

KEY FEATURES

Profile	UK Limited Partnership
Fund life	December 2014
Launch date	June 2002

Gross asset value, £m	218.7
Net asset value, £m	132.7
Cash, £m	6.3
Debt (LTV), %	39.3

Void (%ERV)	3.3
Ave un-expired lease, years	14.5
Net initial yield, %	7.10
Equivalent yield, %	7.62
Average lot size, £m	31.2
Number of properties	7

INVESTMENT OBJECTIVE

To outperform the IPD All Leisure benchmark

Property Review and Sector Outlook

Following on from the very strong gains recorded in Q4 2009, there was an easing of momentum in the commercial property market in the first quarter of 2010. Nevertheless, the total return for property of 5.7% in Q1 was strong by historical standards. Demand for prime assets, particularly in central London, has remained buoyant and yields have firmed accordingly, albeit at a slower rate than in the final quarter of 2009.

At the sector level, retail property delivered the strongest total return of 6.2%, aided by robust investor appetite for retail warehouses and increasingly, shopping centre assets.

Firms operating in the UK's Consumer Services sub-sector reported a slight improvement in business over the last three months according to the CBI with both the value and volume of business rising slightly. However unemployment worries continue to limit consumer spending growth prospects, even in the robust leisure sector, keeping occupiers under pressure and rental growth subdued.

Investment activity in the leisure sector for Q1 2010 was subdued with volumes only just breaching the £200 million mark. Hotels dominated the transactions, accounting for over 50% by value in Q1 2010 with the largest deal being the sale by HBOS of the Missoni Luxury hotel and associated assets to Scottish Widows for £41 million. Scottish Widows were also the buyers of the only multiplex scheme sold in the quarter. X-leisure's Grants scheme in Croydon was sold for £32m (7.7% yield), anchored by a Vue cinema.

Financial Update

The loan to value (LTV) as at March 2010 is 39.3%, compared to 41.3% as at December 2009.

The total distributed to the Partners this quarter was £2.8m.

Fund Activity

The VUE rent review at Cheshire Oaks was documented at £1,341,844 pa, the minimum fixed increase. The lease has a provision that the rent is to be reviewed to the greater of OMV or 3% pa compound.

The VUE rent review at Leicester was documented at £657,459 pa, the minimum fixed increase. The lease has a provision that the rent is to be reviewed to the greater of OMV or 3% pa compound.

The Bella Italia rent review at Cheshire Oaks has been agreed and documented at £75,786 pa, an increase from £72,814 pa.

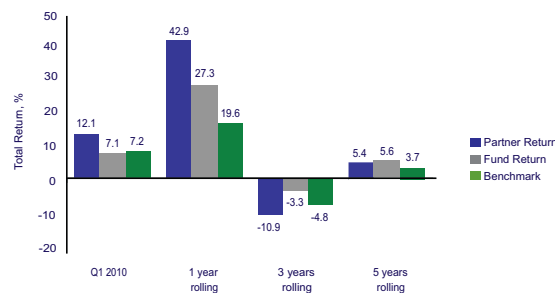
Planning permission has been granted in respect of the internal reconfiguration and new shop fronts to the former Blockbuster unit at Leicester.

Strobe 3, the tenants of the nightclub at Cheshire Oaks entered administration on 1 March 2010. The Fund is currently dealing with the administrators in order to secure our position. The Fund is working up interest from operators in respect of the nightclub space and exploring the option of subdividing the space due to current occupier size requirements.

Performance

The Partners Return for Q1 2010 was 12.1%. Equivalent yields for the Fund moved in from 8.00% to 7.62% during Q1 2010.

Performance to Q1 2010



Key Valuation Changes Q1 2010

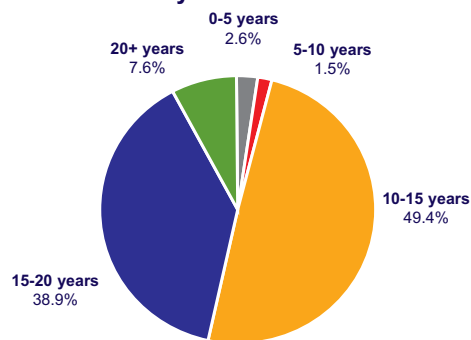
		%change
Portfolio Value (excluding cash), £m	218.7	+5.1
Rental Value, £m	16.9	+0.0
Initial yield, % (deemed)	7.10	-0.4
Equivalent yield (NEY), %	7.62	-0.4
Average lot size, £m	31.2	+5.1
Debt drawn, £m	85.9	0.0
% LTV	39.3	-4.8

Distribution

	Q1 2010	Q4 2009
Total Distributed, £m	2.8	4.2
Distribution, YTD £m	2.8	7.1
Distribution as a % of NAV	2.1	3.5
NAV, £m	132.7	122.2
NAV growth, %	+8.6	+17.6

Fund Holdings Data

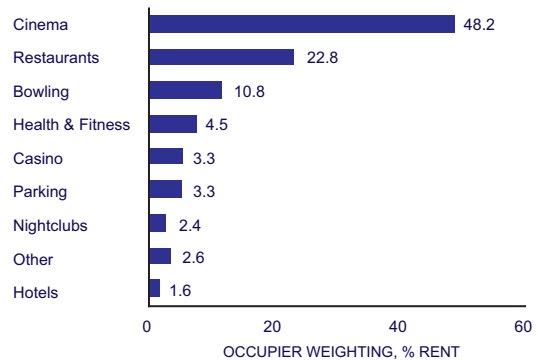
Income security



Rent by unexpired lease term (calculated to first break), directly held properties

- 47.03% of the income is subject to fixed uplifts
- 46.54% of the income is secured for over 15 years

Occupiers



March 2010 Property Values

	Value	% change
	03/10	03/10
Leisure Exchange, Bradford	38.0	+5.1
Aspects Leisure Park, Bristol	24.9	+6.6
Coliseum, Chester	32.0	+3.0
Millennium, Greenwich	35.3	+3.7
Meridien, Leicester	20.9	+4.8
Barbican, Plymouth	31.5	+7.0
Valley Centertainment, Sheffield	36.0	+5.7
Total	218.7	+5.1

Top ten tenants

	% Rent Passing
Vue	23.6
Cine UK	13.4
Odeon	11.1
The Restaurant Group	6.1
Mitchells & Butlers	5.2
Tenpin	4.1
Gala Casino	3.3
Brittania Parking	3.3
Pizza Hut	2.4
Luminar Oceana Limited	1.5

Investment Strategy

Maintain investment in good quality leisure schemes dominating large and growing catchments. Preferred schemes are anchored by a multiplex cinema and have significant critical mass to enable added value through active management.

Advisors & Partners

General partner

Legal & General Property Partners (Leisure) Ltd

Investment manager

Legal & General Property Partners (Operator) Ltd

Property Advisor

Legal & General Property Ltd

Property Manager

DTZ

Unit Holders of The Leisure Fund Unit Trust (Jersey)

Client of CBRE Investors Global Multi Manager

Client of Colliers Capital UK

Clients of ING

Greater Manchester Pension Fund

Kent County Council Superannuation Fund

Legal & General Assurance Society Ltd

Legal & General Assurance (Pensions Management) Ltd

Lloyds Bank SF Nominees Ltd

Aviva Investors

Shell Pensions Trust Ltd

SEI

SI Pensions Trustees Ltd

USS Superannuation Scheme Limited

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Important Information:

All investors enter the fund via the The Leisure Fund Unit Trust (Jersey). Unit holders are advised by Mourant & Co. Trustess Ltd. The Leisure Fund Unit Trust is a feeder into the Partnership. The Partnership is a collective investment schemes as defined in the Financial Services and Markets Act 2000. It is not authorised or otherwise approved by the Financial Services Authority, and as an unregulated scheme it is not marketable in the UK to the general public.

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