



28 January 2005

Gala refinancing returns £275m to shareholders

Gala Group today is pleased to announce the successful completion of a refinancing process in which it has renegotiated its borrowings to take advantage of the company's strong financial performance and favorable market conditions.

The company has repaid approximately half of the £550 million invested by Cinven and Candover when they acquired the company in March 2003. As a result of the refinancing, total debt stands at £945 million. All shareholders will retain their existing stakes in the company.

The senior refinancing was led by Merrill Lynch and The Royal Bank of Scotland with mezzanine debt arranged by Intermediate Capital Group.

Matthew Roberts, Gala Group Finance Director, said: *"Gala's strong performance has enabled us to repay our shareholders half of the money they invested less than two years ago. Our financial record, as evidenced by our recently reported 18% increase in annual sales, has also allowed us to tap into buoyant debt market conditions and to further reduce our cost of capital."*

Gerard Conway of Candover, commenting on the refinancing, said: *"This refinancing illustrates the quality of Gala's trading performance and reinforces the ability of the management to deliver excellent results. Gala continues to be a strong investment for Candover."*

Peter Catterall, partner of Cinven added: *"A combination of strong strategic direction from the management team and the ongoing development of Gala's offering to its members has been the foundation of the success of this business. We look forward to working with the management team to build on this success."*

As reported on 20th January 2005, Gala's total sales for the full year to September 2004 were £544.4 million, an increase of 17.9% on the previous year. In the seven weeks to 7th January 2005, Gala Bingo grew sales by 7.2% to £55.0 million. Over the same period, Gala Casinos grew sales by 5.7% to £16.5 million.

For more details contact:

Gala Group
Matthew Roberts, Finance Director
Brunswick
Mike Smith, Ed Williams

020 7611 1760

020 7404 5959

Gala Group

Gala Group is one of the UK's largest gaming companies operating both casinos and bingo clubs. Gala Bingo is the UK's largest operator, with a 40% market share. Gala has 166 clubs in the bingo portfolio attracting 29 million admissions per year and paying out £18 million in prize money every week. Gala Casinos has 1.2 million members and is among the UK's largest casino operators currently with 29 sites across the UK, Isle of Man and Gibraltar.

Candover

Candover is a leading provider of equity for large European buyouts. Since its formation in 1980, it has invested in more than 123 buyouts worth over €25 billion. Investment in deals by Candover is provided in two forms, from Candover Investments plc, a publicly quoted investment trust capitalised at around €480 million, and from funds managed by Candover Partners, a wholly owned subsidiary. Candover's latest fund, the Candover 2001 Fund, raised €2.7 billion which brought Candover's total funds managed since inception to over €5 billion.

The Candover 2001 Fund has made thirteen investments to date. Partial exits from the 2001 Fund in addition to Gala have been achieved in respect of Aspen Insurance, Kabel Deutschland and Springer.

The Candover Group has three offices in London, Paris and Düsseldorf, and a local advisor in Madrid. Candover Partners Limited is authorised and regulated by the Financial Services Authority in the UK. For further information, please refer to the website: www.candover.com

Cinven

Cinven is one of the most prominent and successful investors in the European buy-out market. It has led transactions with a value in excess of €40 billion. From its offices in Frankfurt, London and Paris, Cinven focuses exclusively on creating value in companies headquartered in Europe, which have a minimum enterprise value of €250 million and are market leaders or have the potential to become so.

Established in 1977, the firm has been a totally independent business since 1995. Its current fund, which closed at €4.4 billion in April 2002, is one of the largest sources of private equity dedicated solely to European buyouts. Cinven's recent investments include World Directories (€2.1 billion), Vendex (€2.5 billion), Springer (€1.6 billion) Fitness First (€580 million).

For further information, please visit the company website: www.cinven.com
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