

OCTOPUS ASSET MANAGEMENT INJECTS MORE THAN £1.5 MILLION INTO ACQUISITIVE SPORTS AND LEISURE BRANDS BUSINESS - THE KENDAL GROUP LTD

THE KENDAL GROUP TARGETS GROWTH LAUNCHED BY THE SUCCESS OF ITS ZOGGS AND PURELIME BRANDS

(November 2005 - London) – Leading fund manager and private equity investor into fast growing SME companies, Octopus Asset Management (www.octopusam.com) today announced that it has invested more than £1.5 million in a combination of loan notes and ordinary shares into sports and leisure brands owner, The Kendal Group ('TKG') (www.thekendalgroup.com).

Octopus has acquired a significant minority stake in the equity of TKG, and Octopus fund manager Chris Allner has joined the board of TKG. The investment will come from Octopus funds, 'Eclipse' and 'Eclipse 2'.

Chris Allner, Octopus Asset Management said: "Hot on the heels of our investment in Myla (www.myla.com), we are delighted to announce this new investment. We like businesses with strong brands and we are very excited by the potential of Zoggs and PureLime. We are also delighted to extend our relationship with the entrepreneurial Gestetner brothers and invest into TKG's first class team of seasoned sports industry and consumer brands executives led by TKG Director & Zoggs CEO, Mark Hammersley. Their track record of growing the sales of Zoggs branded products by over 60% in the last 3 years underpins our confidence. Our investment will support strong growth trends in both Zoggs and PureLime brands and will strengthen TKG's balance sheet for further acquisitions.'

TKG was formed by brothers, Daniel and Leo Gestetner in early 2003 with the aim of acquiring a number of sports and leisure brands. Zoggs, a market leading swim equipment and swimwear brand, was acquired in July 2003. Originally founded in Australia in 1992, Zoggs has a significant market share in its key UK and Australian markets and is available in over 30 countries. PureLime, a women's active wear brand from Denmark was acquired in October 2004. PureLime is a major player in its home market, and is rapidly expanding in the UK and International markets through its differentiated product offering in the fast growing women's active wear market.

Zoggs and PureLime both have substantial potential to expand both in the UK and Internationally.

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Notes

Please contact anthony.payne@peregrinecommunications.co.uk or tel: 07930 643 983 for print quality photographs, thumbnails as follows.



OCTOPUS ASSET MANAGEMENT (www.octopusam.com)

Octopus Asset Management is a leading fund manager and private equity investor into fast growing SME companies. Octopus specialises in providing £1 million to £4million of equity finance for management buy-outs, buy-ins and development capital for UK companies in transactions with an enterprise value of typically up to £20 million. Octopus, established in 2000, is one of the fastest growing fund management companies in the UK and is one of the largest VCT fund managers in the UK. Last tax year alone, Octopus raised over £50 million from around 6,000 investors in its range of VCT funds.

These funds include the Eclipse VCT, which was voted (by other venture capital firms) "New Venture Capital Fund of the Year 2004" and the Phoenix VCT which was shortlisted as "VCT of the Year 2004" and "VCT of the Year 2005" in the Investor AllStars Awards.

Octopus also provides an EIS portfolio service called Eureka, as well as an inheritance tax solution called The Octopus ITS.

Daniel and Leo Gestetner (www.brandsetc.com)

The Gestetner brothers have an entrepreneurial background in consumer brands, successfully setting up and selling out of their shopping portal, ShopSmart, to Barclaycard in 2001. Brands etc LLP (www.brandsetc.com) was formed as a vehicle to buy, sell and actively manage a group of brand led companies.

In early 2003 The Kendal Group was formed as a specific vehicle focused on the acquisition of sports and leisure brands. The first brand purchased was Zoggs, the market leading swimwear and swim equipment brand, in July 2003. This was followed by the acquisition of PureLime, a leading designer and producer of high quality clothing for the fast growing women's aerobic and active wear market in October 2004. The Kendal Group is actively looking to expand its portfolio of brands.

In March 2005 First Sports Group was formed to acquire First Retail, the leading sports retailer within the UK private leisure club market. First has over 110 outlets within the David Lloyd, Esporta and Holmes Place chains and has plans to open another 100 outlets over the next two years.

In October 2005 Lilestone Holdings was formed to take a significant holding in Lilestone Plc which owns Myla, a leading luxury lingerie and "sex life accessories" brand. With a substantial new investment Lilestone plans to further expand the Myla brand with significant growth expected both within the existing UK and US markets and an aggressive international roll out.

Mark Hammersley

Mark Hammersley is a Director of TKG and is CEO for both Zoggs and PureLime. Mark has 20 years experience in the sporting goods industry in a variety of sales and marketing roles with Dunlop Slazenger, Reebok and Rockport. Between 1993 and 2000 he worked at Pentland and was International President for Speedo. He is currently President of the UK Sports Industry Federation.

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