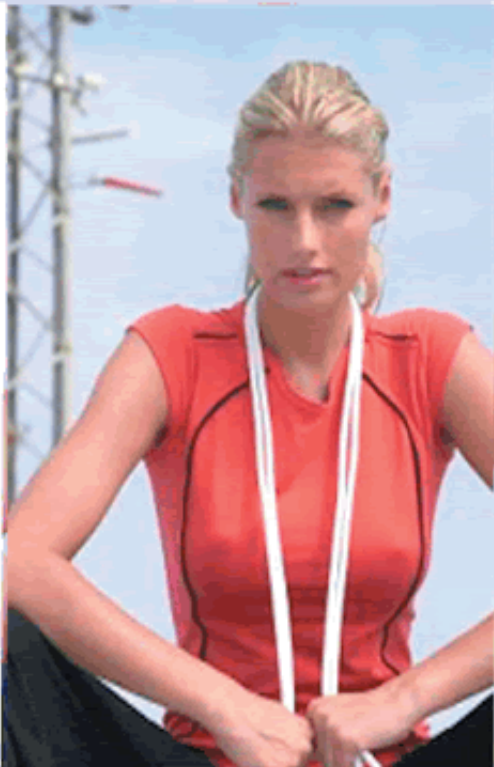


RETAIL, UK**Octopus acquires stake in The Kendal Group****Target: The Kendal Group**

E	Octopus Asset Management – Chris Allner
L	Nabarro Nathanson
A	HW Fisher



Octopus Asset Management has invested more than £1.5m in loan notes and ordinary shares for a significant minority stake in The Kendal Group, a UK leisure brand owner.

The business is owned by retail entrepreneurs Leo and Daniel Gestetner, who set up the business in early 2003 to acquire sports and leisure brands.

The company's portfolio includes Zoggs, a swimwear brand headed by Mark Hammersley, former Speedo president, and PureLime, a Danish women's activewear brand acquired in October 2004.

Octopus has been in contact with the Gestetner brothers since the beginning of this year, when both parties were considering an investment in First Retail, a UK sports retailer.

Octopus pulled out of the deal, while the Gestetners set up First Sports Group to acquire the company.

Plans for the Kendal Group include an international roll out of the company's brands throughout the US, South America and Europe. "There were some private investors interested in Kendal," Octopus's Chris Allner explained. "But [the Gestetners] wanted a partner who could help them with further acquisitions."