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Lyceum Capital's SPI Group Makes First Acquisition to Extend Building Services Portfolio

Lyceum Capital, the private equity firm that invests in mid-market service businesses, today announced that portfolio company, SPI Group Limited, one of the leading suppliers of essential services including installation, repairs, maintenance and support for the social housing sector, has acquired Octopus Electrical Limited for an undisclosed sum.

Octopus serves a wide range of customers in the social housing sector across the Midlands, the West of England and Wales, through long-standing partnership and framework agreements. The acquisition has been funded by Lyceum Capital and Lloyds TSB.

SPI Group has over 40 years' experience in the building services market and is the market leader in its sector in the West Midlands, having established partnerships with a large number of local authorities and housing associations. The company, which was acquired by Lyceum in December 2006, employs over 500. Under Lyceum's ownership to date, the group has built its order book to over £100m and has further built up its sustainable energy services and developed its business adapting housing for the disabled.

Approximately five million homes in the UK are classified as "social housing", owned mainly by local authorities or housing associations. Annual expenditure on the English social housing market alone between 2006 and 2010 is expected to exceed £10.5 billion per annum.

Dan Adler, Partner, Lyceum Capital, said: "This is the first acquisition we have identified and assisted in, as part of our strategy to accelerate SPI's UK expansion in the social housing services market. We are actively pursuing other acquisitions to broaden the Group's geographic reach and to diversify and expand its services."

Steve Huxley, SPI's Chief Executive, said: "We are delighted that Octopus Electrical is joining the SPI Group. We have been impressed by the quality and longevity of Octopus' customer relationships and their operations are built on quality of service, something that is central to the SPI Group's success."

The Lyceum team on the transaction was Dan Adler, Grant Davidson and David Harland. Advisers to SPI were BDO Stoy Hayward (accounting), Hammonds (legal) and Armstrong (commercial due diligence).

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About Lyceum Capital

Lyceum Capital concentrates on building value in mid-market services businesses in partnership with management teams through investment in profits growth, market consolidation and strategic innovation. Since 2000, Lyceum has acquired 41 companies including nine platforms in healthcare, education, outsourcing, social housing services, technology and industrial services. Lyceum Capital investments have included Southern Cross, the elderly care homes group sold to Blackstone for £167 million in 2004 and listed in 2006; Asquith Schools, acquired by Cognita in 2004; Clinovia, the leading independent home healthcare company, sold in 2006 to BUPA for £88 million and National Britannia Group Limited (NBG), one of the UK's largest specialist providers of health and safety compliance services, sold recently to Connaught plc for £91 million. For further information, please visit www.lyceumcapital.co.uk

For more information on SPI Group, please visit www.spi-ltd.co.uk.