

Western NIS Enterprise Fund

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Press Release

Western NIS Enterprise Fund Exits Slobozhanska Budivelna Keramika (SBK)

Kyiv, Ukraine – March 11, 2004 – On March 11, 2004, Western NIS Enterprise Fund (WNISEF) completed the sale of its 100% stake in Slobozhanska Budivelna Keramika (SBK), the leading façade ceramic brick manufacturer in Ukraine, to Raiffeisen Investment AG of Austria (RIAG), along with MARA Beteiligungsverwaltungs GmbH (a holding company of RIAG). This represents a strong exit for the private equity firm, with an exit multiple of some two and a half times the equity money invested.

WNISEF is proud of this exit and this company for several key reasons:

- The sale of SBK is one of the largest private equity exits in Ukraine. This transaction, valued at \$13.5 million, is symbolic of the increasing sophistication and maturity of the Ukrainian market. In addition, this success further strengthens WNISEF's leadership position in the market and enhances our reputation as a value-added investor for potential investees.
- The innovative leveraged re-capitalization conducted with the support of Raiffeisenbank Ukraine (RBUA) as part of this divestment was the first of its kind and has set the benchmark for further use of leveraged buy-outs in Ukraine.
- SBK's success is evidence of WNISEF's ability to take a company through a major transition from early development through market leadership. This is due to WNISEF's focus on excellence in management, corporate governance and transparency. In the course of WNISEF's ownership, SBK not only created a highly reputable branded construction material in a niche market, but also dominated that market.

SBK reported net revenues in excess of \$8.1 million in 2003. The Company produces premium façade ceramic bricks in over 40 decorative shapes and 4 colors, and is one of the most recognized brand names in the Ukrainian construction materials industry. SBK operates two modern production facilities in Ukraine.

Commenting on the successful divestment, President and CEO of WNISEF Natalie A. Jaresko said, "SBK has been a successful investment for WNISEF and we are very pleased to be able to earn an attractive return in line with expectations. SBK has made outstanding progress in the marketplace over the past few years and will certainly continue to do so. It has been a pleasure to work with its management."

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WNISEF (www.wnisef.org) is the region's leading private equity fund that invests in small- and medium-sized private enterprises in Ukraine and Moldova. WNISEF's seeks to identify and invest in securities of private enterprises with outstanding growth potential and the ability to build competitive advantages in the marketplace. WNISEF provides its portfolio companies with capital and the necessary management tools to evolve from entrepreneurial ventures into professionally managed companies. Since inception, the cumulative investment commitment of WNISEF totals \$85.5 million to 27 companies in Ukraine and Moldova, employing over 15,000 people.

RIAG (www.riag.at) is an investment banking subsidiary of the Raiffeisen Banking Group, which is focused on M&A, corporate finance, and privatization transactions in the Central and Eastern European regions. In this transaction, RIAG and its holding company MARA Beteiligungsverwaltungs GmbH are acting as financial investors, and expect to continue building on the successful business development accomplished to date by WNISEF. Raiffeisen Investment AG is represented in Ukraine by Raiffeisen Investment Ukraine Ltd. (RIU) a 100% subsidiary of RIAG which is known on the market as a leading local equity house providing brokerage and M&A/Privatization advisory services as part of an integrated range of banking services provided by Raiffeisen Banking Group.

Raiffeisenbank Ukraine (www.raiffeisenbank.com.ua) is a 100% subsidiary of Raiffeisen Zentralbank Österreich Aktiengesellschaft, Vienna, Austria. RBUA is a fully licensed commercial bank with the right to offer to its resident and non-resident clients a complete range of banking products for domestic and cross-border operations in both Ukrainian Hryvnas and foreign currencies. As a subsidiary of one of the leading Austrian banks, RBUA provides quick, efficient and professional Western-standard services at competitive prices combined with a special expertise of the local market.

In this transaction, FinPoint LLC, an independent investment-banking firm represented in Ukraine by Sergey Budkin, advised WNISEF. FinPoint LLC assisted WNISEF in the planning and execution of a divestment strategy that enabled WNISEF to widen the circle of potential buyers and evaluate multiple offers from prominent international and domestic investors.

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