
Press Release

Shvydko Set for Major Expansion

Kyiv, Ukraine – October 28, 2003 – Shvydko, a well-established and successful chain of quick-service restaurants in Ukraine, unveiled plans to embark on a rapid market expansion plan following a capital injection of \$3 million from Western NIS Enterprise Fund (WNISEF), the region's leading private equity fund that invests in small- and medium-sized private enterprises in Ukraine and Moldova. The proceeds from the WNISEF's equity investment will be used to finance the opening of numerous new restaurants in Kyiv, as well as a new commissary, installation of an integrated MIS system and implementation of an extensive marketing and brand-development campaign.

Shvydko leads the way as the nation's first Ukrainian quick-service restaurant chain, offering a pleasant and authentic dining experience for its customers. Since opening its first two restaurants in May 2000, Shvydko has expanded its chain to include seven outlets located in various parts of Kyiv, and currently employs nearly 300 people. The restaurants serve traditional Ukrainian food, prepared from natural, locally grown and produced ingredients. The Company operates its own commissary, which allows it to provide fresh, high-quality products. Customers enjoy a wide array of over 70 items, including dumplings, borsch (a vegetable soup) and uzvar (dried fruit compote). A winning combination of high-quality food, affordable prices, plus fast and friendly customer service has made Shvydko a success: in fact, over 4 million customers have visited Shvydko since its inception.

“We believe that this strategic move enables a host of positive synergies that will map out and realize sustainable development strategies for Shvydko. The combination of WNISEF's successful track record and expertise in key business areas on the one hand, and Shvydko's ambitious goal to build the largest and most popular chain of Ukrainian quick-service restaurants on the other, is undoubtedly a recipe for success,” said Mr. Serhiy Semakov, General Manager of CJSC “Shvydko-Ukraine”.

In addition, Andrew Petriwsky, WNISEF Investment Manager, stated that, “We firmly believe that Shvydko's strong brand awareness, favorable unit economics, and the ability to rapidly and extensively expand the concept, are key competitive advantages that will enable the Company to continue to forge ahead as the leader in its market.” Prior to joining WNISEF, Mr. Petriwsky was the Finance Director and a key founding executive of U.S.-based Chipotle Mexican Grill, which in 1998 became the first Partner Brand of McDonald's Corporation, and today with over 250 units, is considered to be one of the leading and fastest growing quick-service restaurants in the U.S.

“WNISEF's investment in Shvydko represents our first investment in Ukraine's fast growing restaurant industry. According to the State Statistics Committee of Ukraine, in the first three quarters of 2003 the industry turnover totaled \$451 million, an 18% increase compared to the same period last year. Quick-service, a key segment in the industry, is developing even more rapidly, with more than twenty local chains operating over 200 restaurants today,” added Natalie A. Jaresko, WNISEF President and Chief Executive Officer. “These trends have inspired us to invest in this promising market, and Shvydko stood out as the company with a set of core business values in place that we find crucial in sustaining and building market leadership.”

“This partnership between Investment Company “XXI Vek” and WNISEF is a new step in Shvydko's development. Our idea of establishing a national restaurant offering fast and affordable products has proven highly competitive. An aggressive brand development strategy, marketing policy, modern management practices, product quality and traditional Ukrainian cuisine have led to success. We are excited to partner with WNISEF in this project, and are ready to develop our cooperation in other areas as well”, stated Lev Partskhaladze, President of Investment Company “XXI Vek”.

WNISEF seeks to identify and invest in securities of private companies with outstanding growth potential and the ability to build competitive advantages in the marketplace. Since inception, the cumulative investment commitment of WNISEF totals \$85.5 million to 27 companies in Ukraine and Moldova, employing over 15,000 people.

Investment Company “XXI Vek” established in 1995 makes investment in the sectors ranging from commercial, office and hotel real estate to restaurant business. Today, its investment portfolio includes a network of KVADRAT shopping malls, Project Investment Company “Zhylye XXI Veka”, Project Investment Company “Megapolis”, CJSC “Shvydko-Ukraine”, restaurants “Tsarske Selo”, “Pervak”, “Korona Club”, and “SSSR”.

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