

13 June 2005

PYATEROCHKA TO BEGIN CONSOLIDATION OF FRANCHISE OPERATORS, EXPANDING REGIONAL NETWORK

Pyaterochka Holding NV, Russia's leading grocery retailer, today announced its intention to acquire its franchise operator in the Southern Urals region of Russia, as the first step in its strategy of consolidation of its franchise operations.

Pyaterochka's operating subsidiary Agrotorg has agreed to purchase the franchise network of Economtorg, including 19 stores, a warehouse, a regional head office and a training centre. The net selling area acquired comprises 10,404 sq.m.

Agrotorg is expected to complete the transaction by the end of 2005, subject to final closing conditions. The value of the transaction is approximately \$11 million, comprising a cash payment for 100% of Economtorg's shares and the value of the assumed debt.

Economtorg has been the operator of the Pyaterochka franchise in Yekaterinburg (Russia's fifth largest city) and the surrounding Sverdlovsk region. Its stores increased rapidly in number in 2004 from 5 to 17 and Pyaterochka intends to continue increasing store numbers, to 25 by the end of 2005 and 40 by the end of 2006. Economtorg turnover was around \$20 million in 2004 under Russian accounting standards.

While focusing on its core markets of Moscow and St Petersburg, Pyaterochka will continue selectively to target key Russian regions. The company expects rapid growth from its other franchise operators in the Urals region and expects to have 90 franchise stores in the Perm, Chelyabinsk and Ufa regions by the end of 2005, rising to 120 by the end of 2006.

Oleg Vysotsky, Chief Executive Officer of Pyaterochka said *"We expect demand for high quality products, competitive prices and modern retail environments to continue to grow in the Urals region. Our franchise network is already well-placed to become the leader in grocery retailing in the region and our acquisition of the Economtorg network further strengthens our position."*

Notes to Editor:

About Pyaterochka

Pyaterochka is the largest grocery retailer in Russia in terms of sales, with a chain of 235 stores located in the Moscow and St. Petersburg areas as at 31 December 2004. In addition to the company's own stores, franchisees operate stores under the Pyaterochka brand in the Russian regions outside the Moscow and St. Petersburg areas and in Kazakhstan and Ukraine (207 stores as at 31 December 2004).

Pyaterochka's stores are conveniently located "soft" discount stores, open seven days a week from 9am to 10pm, offering a product range of up to 3,500 items that cover the day-to-day needs of customers.

Operational Summary

Revenue for 2004 rose by 46% to US\$1.1 billion from US\$760 million in 2003. Net profit for 2004 was US\$74 million, up by 120% from US\$34 million in 2003. The 2003 results also reflected increases over 2002, with revenue rising by 54% from US\$493 million and net profit increasing by 18% from US\$29 million. Pyaterochka opened 40 to 60 new stores per annum in each of the last three years.

Enquiries to:

Pyaterochka

Victor Beliakov, Board Director
Tel: +7 501 783 9794

Citigate Dewe Rogerson

David Westover / Marina Zakharova
Tel: +44 (0)20 7638 9571