



United Capital Partners (UCP) acquires a minority stake in Monarch Group

Moscow, 17th of January 2011

United Capital Partners Group (UCP) has acquired a 36% stake in the **Monarch Group** – a leading footwear producer and retailer in Russia and Ukraine.

Since 2001, Monarch has been the leading footwear retailer in the middle and lower-middle price segments focusing on the mass-market consumer. This area of the footwear market has proven to be the most resistant to the crisis-driven volatility of consumer demand and in the post-crisis environment is demonstrating steady growth. The group operates a portfolio of private labels consisting of Monarch, Elite by Monarch, Kaiser, Good Shoes and WildCat. It also has exclusive distribution rights for two American brands - Steve Madden and Naturalizer.

Financing provided by UCP as a result of the additional share capital will be used to support the group's business expansion in Russia, strengthen its leading positions in the Ukrainian market, and promote its private label brands.

Capitalising on its market expertise and a twenty-year track record as a retailer, Monarch plans to expand its current portfolio of 170 stores to approximately 260-270 stores in Russia, and up to 130 stores in Ukraine over the next three years.

Ilya Sherbovich, President and Managing Partner of UCP commented: "The long-term experience of Monarch management and shareholders, combined with UCP's financial resources and expertise in managing its portfolio companies will enable Monarch to establish itself as one of the leaders of the Russian footwear market".

Iaroslav Jivov, Monarch's Chairman, commented that "attracting such a solid and competent partner as UCP guarantees the fast growth of our retail chain, and makes the business more transparent for investors. They are not only bringing additional financing, but also the most modern corporate governance practices".

The **CEO of Monarch's Russian retail chain, Evgeny Kalinin**, added "Over the next 12 months we will fully refurbish our existing retail outlets and open additional stores in a fresh, new format. We are extremely confident in the success of our partnership with UCP".

About United Capital Partners Group (UCP):

Founded in 2006, UCP serves as an asset management platform for its clients and partners. UCP manages a number of funds investing in liquid publicly traded stocks, real estate and fast-growing private companies. UCP Private Equity Funds' strategy is to invest in small and medium size companies with strong capital appreciation potential. As of the 1st of April 2010, UCP had \$1.2 billion in assets under management. Monarch represents UCP's second investment in the retail sector. One of the UCP Funds owns a 30% stake in OJSC "Fashion Continent", which designs and sells women clothes through

its own retail chain under the brand name "INCITY". UCP Group with its Private Equity Fund II is planning to invest actively in industries that benefit from the increasing growth of consumer demand. To learn more about UCP Group, visit: www.ucpfund.com.

About Monarch Group:

Monarch is an international footwear company. Through its manufacturing and sourcing offices in China, Hong Kong, Brazil and Europe the company supplies footwear in Russia and Ukraine. The footwear is distributed through its own retail chain.

The company history began in 1990 when it opened its offices in Toronto (Canada) and Bratislava (Slovakia). By 1992 Monarch had established a strong presence in Moscow and other large cities of Russia. In 1993, a Ukrainian office was opened. All production and operational activities are controlled by a single management company. In 2010 the company celebrated its 20th anniversary.

At present, Monarch's retail offering consists of 5 private labels: Monarch, Elite by Monarch, Wildcat, Kaiser, and Good Shoes. Among commercial partners of the Group are world-known European and American brands, such as Steve Madden, Naturalizer, Rieker, Via Uno, and Northland.

Over the years, Monarch has won a range of awards including "Brand of the Year", "Product of the Year" and the prestigious "Golden Trademark".

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