



Wermuth Asset Management GmbH

Press Release

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Russia: Successful Private Equity Investment in Financial Services
Leading Russian Debt Collection Agency thrives with credit volume exceeding \$ 1bn

Russia's leading debt collection agency will have the most successful year in its history. Russian retail banking nearly ground to a halt in 2009. As a result, most collection agencies were starving for fresh, collectable Non Performing Loans (NPL). But while other Russian collectors were retrenching, Moscow-based Pristav collection agency doubled its customer base; increased collections in ruble terms by 54%; and increased revenues by 63% in ruble terms. The company also grew substantially in dollar terms and being profitable. These milestones were achieved while keeping employment basically flat.

Artur Aleksandrowicz, Pristav CEO, said: "The collection business is about efficiency. We don't aim for high volumes or lowest prices; we will be the most efficient, customer friendly and profitable provider."

The GREATER EUROPE DEEP VALUE Fund (GEDVF) invested in Pristav's parent, AJ Prospect Capital, during its post startup phase in spring 2007. GEDVF is advised by Moscow based, but German owned Wermuth Asset Management GmbH (Wermuth). Andreas Boesenberg, Deputy CIO, commented: "The financial crisis paralyzed Russian retail lending for a year. But Pristav had reengineered its processes, upgraded segmentation technology and implemented judicious cost controls using Western best practices. That is why Pristav succeeded in a downturn."

David Jones, AJ Prospect Capital Chairman-founder, said: "As Russian banking recovered last summer, Pristav became highly profitable. Pristav now sees the need to step up investments in its brand and technology to capitalize on long-term growth trend in NPL management. We will also leverage our superb customer base for selling other credit management services. "

Wermuth Asset Management has been actively involved in the company's development with two Wermuth appointees, such as an industry veteran from banking, on Prospect's board of directors. Pristav is seen by Wermuth as a key driver in the development of Russian consumer finance and aims to benefit from a still underserved Russian market in the next 2 years.

About Wermuth Asset Management:

Wermuth Asset Management GmbH ("WAM") is the exclusive investment adviser to the GREATER EUROPE investment vehicles with some \$300m in assets under management in alternative investments – listed equities, real estate and private equity. WAM specializes in value investing and friendly activism, fundamental bottom-up and macro economic analysis. Its regional focus is Eastern Europe, in particular Russia and the countries of the former Soviet Union (the "Greater Europe" area). The company was founded by Jochen Wermuth who was Head of the EU and World Bank financed Economic Expert Group under the Russian Ministry of Finance between 1993 and 1997 and participated in IMF and World Bank loan negotiations. He further served as a member on the management committee which set up Deutsche Bank Russia between 1997 and 1998 and was Head of debt origination, a capacity in which he raised \$8bn in debt for Russia. Since its inception in 1999 WAM has advised on investments exceeding \$1.5bn.

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