

Press Release

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ENR RUSSIA INVEST SA ANNOUNCES A NEW PRIVATE EQUITY INVESTMENT AND END THIRD QUARTER 2019 NET ASSET VALUE PER SHARE

New private equity investment

ENR Russia Invest SA, via a wholly owned subsidiary (“ENR”), acquired a 50% interest in a 27.4 hectare greenhouse and engineering facility for flower growing in the Kaluga Oblast in Russia (“**Flower Growing Facility**”). ENR teamed-up with a Russia based investment group, who owns the remaining 50% interest (collectively referred to as the “**Investors**”).

The purchase price and initial investment for capital and operational expenses is RUB 742 million (approximately CHF 11.5 million). ENR’s 50% contribution is RUB 371 million (approximately CHF 5.75 million). Together with further investments (see below), it is anticipated that the Investors could ultimately invest a total of about CHF 20 million (or less if low interest rate Russian bank funding can be obtained under Russian agricultural incentive programs). Investor contributions will be made via a combination of equity and shareholder loans.

The Flower Growing Facility is well engineered and equipped with 5 stand-alone greenhouses (the largest greenhouse is 100’000 sq.m). Each greenhouse has gas driven combined cycle generators and heating systems, water treatment and distribution systems as well as flower growing and harvesting machinery and equipment (mainly Dutch manufactured). The Flower Growing Facility was not operational for several years whilst under the control of the Russian Deposit Insurance Agency. Further investments are required to service or replace parts of engineering equipment, to buy flower plants and bulbs and to part fund operations until the business is cash-flow positive. It should take two to three years to bring back the Flower Growing Facility to full capacity and a strong management team has been appointed to drive this process, together with the Investors.

It is an objective to become the leading grower and seller of quality roses and seasonal flowers in Russia. Over time roses will represent some 55% of total grown flowers. Gerberas and a range of seasonal flowers, including tulips, will make-up the rest of the flower mix. In Russia demand for flowers remain strong and 80% of cut flowers are imported. Russian grown flowers will be a substitute for imported flowers and the Flower Growing Facility (located some 135 km from Moscow, Russia’s largest flower customer market) will have a shorter and less expensive route to market compared to imported flowers and also compete on quality and have longer shelf lives.

The focus will be on strong cash-flows generation within a reasonable time period, to introduce operational efficiencies, to improve profit margins and returns for the Investors. Strong corporate governance and financial reporting control structures and processes will be put into place.

End third quarter net asset value per share

At 30 September 2019, the unaudited ENR Russia Invest SA net asset value per share was CHF 17.97 per share.

Contact person: Ben de Bruyn, ENR Russia Invest SA, tel: +41 22 510 2626

ENR Russia Invest SA is an investment company listed on the SIX Swiss Exchange. It specialises in the management of equities and equity-like investments, real estate as well as fixed income instruments in Russia, other members of the Commonwealth of Independent States and the Baltic States. Additional information on ENR Russia Invest SA is available on the company website www.enr.ch