



## Semi-Annual Report 2020





## Contents

<a href="#">Letter to Shareholders</a>	4 - 5
<a href="#">Economic and Political Review</a>	6 - 7
<a href="#">Portfolio Investments</a>	8 - 11
<a href="#">Net Asset Value</a>	12 - 13
<a href="#">Financial Statements</a>	14 - 37
<a href="#">Investment Guidelines</a>	38 - 39
<a href="#">Shareholder Information and Corporate Details</a>	40

## Letter to Shareholders

Dear shareholders,

For the six months ended 30 June 2020 ENR Russia Invest SA ("ENR" or the "Company") and its subsidiaries produced a consolidated net loss of CHF 4.58 million (consolidated net profit of CHF 3.54 million for the similar period in 2019) as a result of lower valuations (mainly due to ruble depreciation of almost 14% against the Swiss Franc during the reporting period). The consolidated equity decreased to CHF 40.66 million (CHF 48.13 million at 31 December 2019).

During the half-year ENR generated CHF 3.40 million via the sale of fixed income instruments and listed equity positions and invested ruble 195 million (+/- CHF 2.9 million) in this period into Kaluga Flower Holding LLC in Russia. This additional investment was used to service, upgrade and/or replace engineering and production related systems, to buy flower plants and bulbs and to part fund operations.

To date 11 hectares of greenhouses were successfully upgraded and put into operation; a successful tulip program was completed (5 million tulips grown and sold); a seasonal flower growing program is in progress (2 million flowers grown and ongoing sales); 5 hectares of greenhouses were planted with 16 varieties of roses and sales of long stem roses have commenced; 1.4 hectares of a greenhouses was prepared and planted with gerberas; poinsettias have been planted on 2 hectares and preparations are underway for end of year tulip, lilies and hyacinths programs.

At 30 June 2020 ENR had invested a total of ruble 538 million (CHF 7.25 million) in Kaluga Flower Holding LLC. It is anticipated that ENR and its Russian partner may each ultimately invest some CHF 10 million in equity and shareholder loans. In addition, Russian bank funding of some CHF 14 million could be obtained and linked with Russian agricultural incentive programs. A process is underway with a major Russian bank to do so.

At the Petrovsky Fort business center in Saint-Petersburg, the COVID-19 pandemic impact was well managed by the local management team. The Russian government introduced legislation to protect certain tenants during the time where work from home restrictions applied. Depending on the industry or nature of the business, a rental payment vacation or temporary discount had to be agreed with qualifying tenants. There were only a small number of such tenants at the business center. A few tenants were also not able to renew short term rental contracts due to the adverse impact of the virus on their businesses. As a result there was a 5% increase in vacancies in the business center during the reporting period. There are no payment arrears. Capex programs for ongoing improvements in the business center continue according to plan.

At the Turgenevskaya parking garage in Moscow, rental of parking bays to corporates and their employees remained relatively steady in the first half of the year. Hourly parking rentals slowed during the four month period where Moscow City had introduced work from home restrictions to combat the Covid 19 situation (in July 2020, hourly rentals recovered to near pre-

restriction levels).

The liquidation process of the developer at the Zaytsevo real estate residential development near Moscow is in progress. ENR has a mortgage over the landplot where its apartments were to be constructed, has a registered claim for amounts invested, together with penalties and is playing an active role as one of the main creditors in the liquidation process.

The COVID-19 pandemic has triggered an economic recession in Russia. Russian Gross Domestic Product contracted by 4.2% during the first half of 2020. Production has suffered its steepest fall since the 2008 financial crisis and there has been a slow-down in service sectors and manufacturing amid lockdown measures.

Earlier in 2020 the OPEC+ group failed to reach agreement on curbing production volumes and at the time Saudi Arabia responded by cutting its crude oil prices and advised it will ramp up oil output. Oil prices then fell sharply (by 65% between January and April).

As the COVID-19 pandemic gained momentum and restrictions were introduced to slow the spread of the virus, demand for oil slowed meaningfully. The OPEC+ group subsequently reached an agreement to reduce oil production until the end of July 2020 and oil prices has since stabilized at the low to mid USD 40 levels per barrel levels.

As oil and gas prices are key factors to the prospects of the Russian economy (the majority of exports and generating the bulk of federal budget revenues) lower oil earnings have a detrimental impact on the Russian economy and leads to lower domestic demand and consumption. Lower oil prices also have a negative impact on the ruble.

ENR continues to monitors the economic situation in Russia and ENR's investments to evaluate how the situation is evolving. ENR is also assessing potential new investment opportunities (especially at lower entry valuations) mainly in Russia.

Geneva, 27 August 2020

Gustav Stenbolt  
Chairman

Ben de Bruyn  
Chief Executive Officer

## Economic and Political Review

### *COVID-19 Impact*

The COVID-19 pandemic has triggered a deep global economic recession and economic activity contracted across major and emerging economies. The World Bank anticipates that Global Gross Domestic Product ("GDP") contracted by 11% in the first quarter of 2020. Global production has suffered its steepest fall since the 2008 financial crisis. During this time there has been an unprecedented collapse in service sectors and manufacturing amid lockdown measures across the world. Many emerging economies have also experienced capital outflows greater than the 2008 global financial crises in the first half of 2020.

### *Oil Prices*

Early in 2020 OPEC+ group talks failed to reach agreement on curbing production volumes to curb the lower demand due to the Covid 19 outbreak. At the time Saudi Arabia responded by cutting its crude oil prices and indicated it will ramp up oil output. Oil prices then fell sharply (by 65% between January and April). Subsequently an agreement was reached to reduce production until the end of July 2020. As the COVID-19 pandemic gained momentum and restrictions were introduced to slow the spread of the virus, demand for oil slowed meaningfully. Oil prices have since stabilized at the low to mid USD 40 levels per barrel levels. As oil and gas prices are key factors to the prospects of the Russian economy (the majority of exports and generating the bulk of federal budget revenues, lower oil earnings has detrimental impact on Russian economy and leads to lower domes-

tic demand and consumption. Lower oil prices have a negative impact on the ruble, which depreciated 13.6% against the CHF in the first six months of 2020.

### *GDP, Federal budget and actions taken*

In quarter one 2020 the GDP of Russia's main trading partners (European Union and China) contracted by 13% and 8%, respectively. As with many countries, most sectors of the Russian economy have been significantly affected by COVID-19, including manufacturing and production; retail; tourism; hospitality; entertainment and sports and other services industries. After growing 1.6% in the first quarter, the Russia's economy contracted 8.5% in the second quarter due to the negative impact of the COVID-19 pandemic, lockdowns and lower oil prices. The Federal Statistics Service advised that only Russia's agriculture sector grew in the second quarter, while commodity, retail, transport and services sectors were hardest hit. For 2020, the Russian economy is forecasts to shrink by 4.5% - 5.5% before returning to growth in 2021, according to the Central Bank of Russia ("CBR").

Russia's major banks have good capital buffers and liquidity and are well positioned to deal with increasing non-performing loans (unemployment increased from 4.5% to 6% in the first 5 months of 2020) and corporates face challenges with disruptions in economic activity and rising unemployment due to the Corona virus.

Macro-fiscal stabilization policies and accumulated buffers have allowed the Russian govern-

ment to implement effective stabilization measures. The floating ruble absorbed external disruptions. During March 2020 when there was strong depreciation pressure on the RUB from the sharp fall in oil prices, coupled with capital outflows, the CBR managed foreign exchange currency sales within approved fiscal rules and helped to stabilize the foreign exchange market. The CBR also continued with its accommodative monetary policy by lowering the key lending rate from 6.25% in February 2020 to a record low of 4.25% in July 2020. The CBR effectively implemented policy tools (special refinancing rates; favorable conditions for specific loans; not introducing planned more stringent rules; and reducing regulatory and supervisory burdens for financial institutions).

Oil and gas prices continue to remain key factors to the prospects of the Russian economy, representing the majority of exports and generating the bulk of federal budget revenues. There is a strong correlation between oil prices and the value of the ruble. Other risks include a longer COVID-19 pandemic impact with longer containment measures; a slow global recovery; a further drop in commodity prices; a more lasting impact on households and businesses and disruptions in global distribution and value chains.

### *Political events*

In January 2020 President Putin proposed changes to the constitution, which would shift power between the executive, judicial, and legislative branches. This led to an early 2020 Rus-

sian government reshuffle. A new first deputy prime minister and a new economy minister was appointed. Mr. Andrei Belousov, the economic adviser of President Putin since 2013 and a key architect of spending plans, was appointed as new first deputy prime minister, replacing Finance Minister Anton Siluanov. Mr. Maxim Reshetnikov, a former regional governor, was appointed Russia's new economy minister. Mr. Dmitry Medvedev, Russia's prime minister since 2012 was replaced with former tax chief, Mr. Mikhail Mishustin.

In the first quarter 2020 the constitutional amendments were approved in the Russian parliament allowing President Putin to reset his terms and seek the presidency for two more terms beyond the end of the current term limit in 2024. Since then the amendments were backed by Russia's 85 regional parliaments. Russia's Constitutional Court examined and approved the constitutional changes and they were put to a nationwide vote in a referendum in early July 2020. The changes were approved by 78% of Russians (voter turnout was 65%).

There has been an improvement in relations between Russia and Ukraine after the election of the new Ukrainian President, Mr. Volodymyr Zelenskii (agreements on prisoner exchanges and a renewed commitment to implementing ceasefire agreement in eastern Ukraine).

## Portfolio Investments

### *Petrovsky Fort*

(<http://www.petrofort.ru/en/>)

The Petrovsky Fort office centre in Russia is a class B+ office and retail property (completed in 2003) located in central Saint-Petersburg, near the embankment of the Neva River with nine office levels and two retail levels and a large central atrium. 15'300 square meters are designated for office use and 5'800 square meters as retail space. There is an underground parking facility with 118 parking spaces and above-ground parking for 36 cars.

ENR's Saint-Petersburg based team is actively involved in the day-to-day management of the building which accommodates a large number of tenants (many small and mid-sized businesses and a few larger tenants). A turnkey service offering is provided to tenants, including provision of utility services, central heating, venting and air conditioning; telecommunication lines and high-speed internet access; daily cleaning of offices; security services; reception services as well as engineering and maintenance services.

The local management team managed the COVID-19 pandemic impact well. The Russian government introduced legislation to protect certain tenants during the time where work from home restrictions applied. Depending on the industry or nature of the business, a rental payment vacation or temporary discount had to be agreed with qualifying tenants. There were only a small number of such tenants at the business center. A few tenants were not able to renew short term rental contracts due to the adverse impact of the virus on their businesses.

As a result there was an increase in vacancies at the nine office floors (11% at the half-year)(31 December 2019: 5%). On the two retail floors

the COVID-19 impact slowed the good late 2019 and early 2020 momentum of introducing new service focused tenants on these floors (prospective retail and services focused tenants take longer to assess the impact of the virus on their businesses before rental decisions are taken). Consequently, there was a small increase in retail floor vacancies (39% at the half-year)(31 December 2019: 36%). Overall business center vacancies of 19.6% was 5% higher than at 31 December 2020. There are no payment arrears. Capex programs for ongoing improvements in the business center continue according to plan.

At 30 June 2020 the carrying value of Petrovsky Fort LLC was CHF 35.31 million (see note 5.1).

### *Kaluga Flower Holding LLC - Florentika*

(<https://www.florentika.ru/>)

ENR, together with its Russian partner (on a 50/50 basis), via LLC Kaluga Flower Holding ("KFH") owns a greenhouse complex for flower growing in the Kaluga Oblast in Russia (135 km south-west of Moscow) ("Flower Growing Facility").

The Flower Growing Facility is well engineered and equipped with five stand-alone greenhouses (the largest of which 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).

In 2020 ENR made further investments of ruble 195 million (+/- CHF 2.88 million) to Kaluga Flower Holding LLC in Russia.

To date 11 hectares of greenhouses were successfully upgraded and put into operation; a

successful tulip program was completed (5 million tulips grown and sold); a seasonal flower growing program is in progress (2 million flowers grown and ongoing sales); 5 hectares of greenhouses were planted with 16 varieties of roses and sales of long stem roses have commenced; 1.4 hectares of a greenhouses was prepared and planted with gerberas; poinsettias have been planted on 2 hectares and preparations are underway for end of year tulip, lilies and hyacinths programs.

At 30 June 2020 ENR had invested a total of ruble 538 million (CHF 7.25 million) in Kaluga Flower Holding LLC. It is anticipated that ENR and its Russian partner may each ultimately invest some CHF 10 million in equity and shareholder loans. In addition, Russian bank funding of some CHF 14 million could be obtained and linked with Russian agricultural incentive programs. A process is underway with a major Russian bank to do so.

At 30 June 2020 the carrying value of this investment was CHF 7.25 million, being the total of equity and loan contributions made towards this investment.

#### *Turgenevskya parking garage* (<http://www.turgenevka-parking.ru/>)

The parking garage is well located in the central business district of Moscow at Turgenevskaya square on the Boulevard Ring. It has a gross built area of almost 10,000 square meters, with 297 parking lots (18 above ground and the rest in six levels underground).

Parking lots are leased to corporate clients and to individuals and on an hourly basis for other users. There are several business centers and retail properties in the surrounding area (including

Lukoil head office), with three subway stations within close walking distance.

Over the past few years market trends in Moscow improved meaningfully for parking garages as Moscow city authorities are charging for parking and introduced strict legislation and enforcement measures to curb illegal parking, meaningfully reducing illegal parking.

Rental of parking bays to corporates and their employees remained relatively steady in the first half of the year. However, hourly parking rentals slowed during a three to four month period where Moscow City introduced work from home restrictions to combat the Covid 19 situation (in July this year, hourly rentals recovered to near pre-Covid restriction levels).

At 30 June 2020 the carrying value of the investment in the Turgenevskya parking garage was CHF 3.93 million (see note 7).

#### *Listed equities*

ENR holds shares in various Russian electricity sector companies and has GDR's in Severstal (a vertically integrated steel and steel-related mining company with major assets in Russia). During the reporting period ENR acquired CHF 280'856 of Lenta Ltd shares, one of Russia's largest retail chains operating the country's largest hypermarket chain. At 30 June 2020 the aggregate value of the listed equities was CHF 906,617.

#### *Fixed Income Investments*

VTB group is one of the largest banking and financial services groups in Russia. At 30 June 2020 ENR owned fixed income instruments issued by this group valued at CHF 1.55 million.

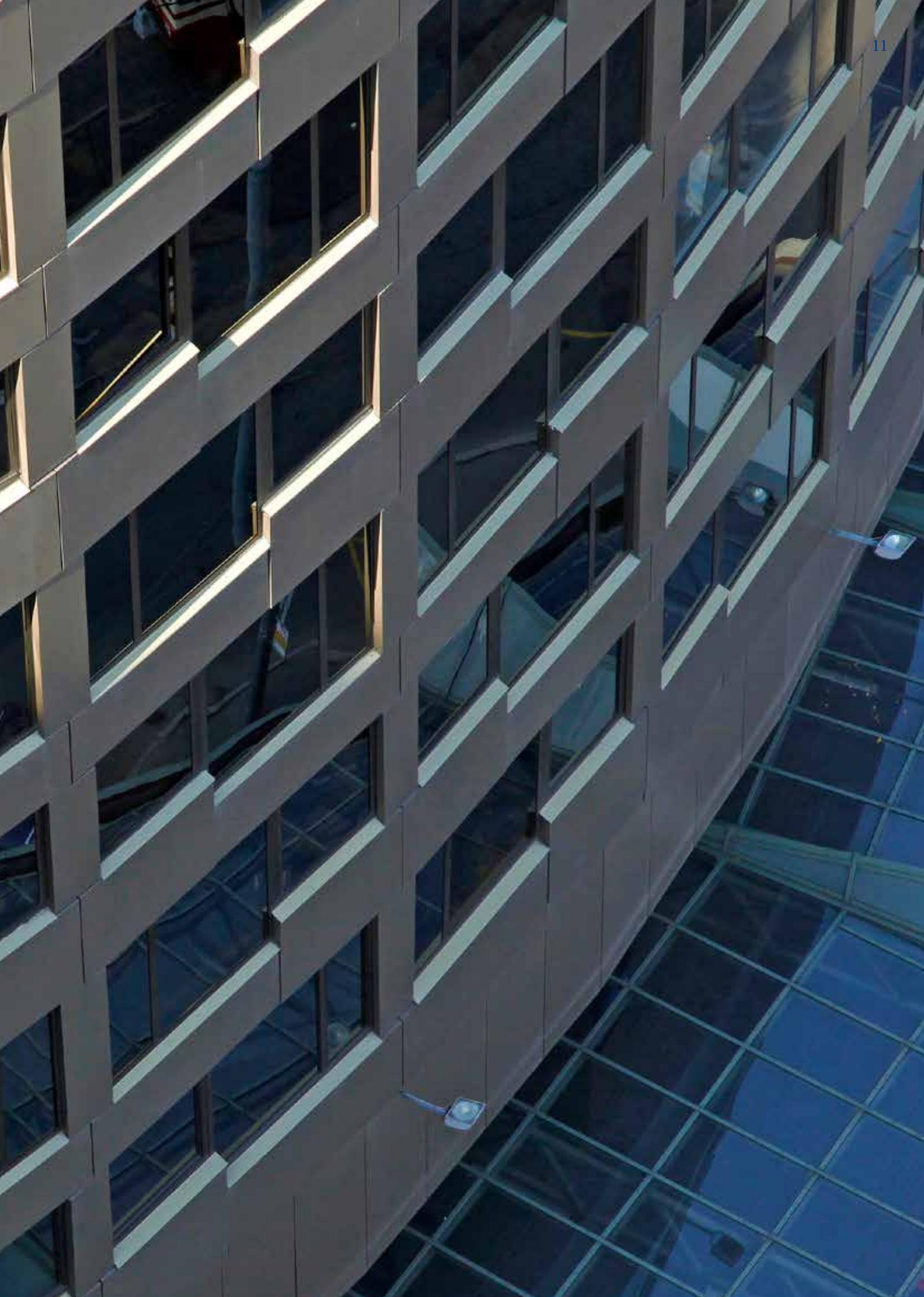
Moscow Domodedovo airport is the largest air hub in Russia. At 30 June 2020 ENR owned fixed income instruments issued by this group valued at CHF 448'988.

Lukoil is a vertically integrated Russian oil and gas group. At 30 June 2020 ENR owned fixed income instruments issued by this group valued at CHF 1.01 million.

Norilsk Nickel is a Russian mining and metallurgical company and the world's leading nickel producer. The group produces some half of the palladium used in the world. At 30 June 2020 ENR owned fixed income instruments issued by this group valued at CHF 1.04 million.

Gazprom is a global energy company focused on geological exploration, production, transportation, storage, processing and marketing of gas and other hydrocarbons and electric power and heat energy production and distribution. During the reporting period all the fixed income instruments of this group with an aggregate value of aggregate value of CHF 2.02 million were sold.

Sberbank is the largest bank in Russia and Commonwealth of Independent States. During the reporting period all the fixed income instruments of this group with an aggregate value of CHF 992'592 were sold.



## Net Asset Value and Attributable Net Asset Value

	30.06.2020		31.12.2019	
	Following IFRS presentation	Representing the existing shareholders' economic interest	Following IFRS presentation	Representing the existing shareholders' economic interest
<b>Assets</b>				
Treasury stock	-	701,680	-	842,016
Cash, investments and other assets	59,548,731	59,548,731	68,096,943	68,096,943
<b>Total assets</b>	<b>59,548,731</b>	<b>60,250,411</b>	<b>68,096,943</b>	<b>68,938,959</b>
<b>Liabilities</b>				
<b>Total liabilities</b>	<b>18,882,896</b>	<b>18,882,896</b>	<b>19,968,889</b>	<b>19,968,889</b>
<b>Shareholders' Equity</b>				
Treasury stock - at cost	- 2,370,696	-	- 2,370,696	-
Remaining Equity	43,036,531*	41,367,515*	50,498,750*	48,970,070*
<b>Total shareholders' equity</b>	<b>40,665,835</b>	<b>41,367,515</b>	<b>48,128,054</b>	<b>48,970,070</b>
<b>Total liabilities and shareholders' equity</b>	<b>59,548,731</b>	<b>60,250,411</b>	<b>68,096,943</b>	<b>68,938,959</b>
Number of shares outstanding		2,644,402		2,644,402
Net asset value per share		15.64**		18.52**
Attributable net asset value per share		15.64**		18.52**
Number of treasury shares		70,168		70,168

\* Net of a CHF 29.95 million dividend paid in July 2015

\*\* Net of a CHF 11.50 per share dividend paid in July 2015

### *Note*

The NAV per share is calculated in Swiss Francs as the aggregate of the value of all investments and treasury shares less the aggregate amount of the liabilities and accrued expenses divided by the total number of shares issued.

The main differences between the NAV calculation and the International Financial Reporting Standards ("IFRS") based Shareholders Equity relate to the calculation of treasury shares and reclassifying out of shareholders' equity. Treasury shares are shown at fair market value in the column which represents the existing shareholder's economic interest.

Attributable NAV per share is the consolidated NAV, less the aggregate value of any minority interests, reflecting the economic value attributed to shareholders, divided by the total number of shares issued.

### *Consolidated Results*

The consolidated shareholders' equity, based on IFRS representation, at 30 June 2020 was CHF 40.67 million (year-end 2019: CHF 48.13 million). The consolidated net loss for the 2020 half-year is CHF 4.58 million (2019 half-year: consolidated net profit of CHF 3.54 million). The consolidated accumulated deficit as of 30 June 2020 is CHF 14.80 million (31 December 2019: CHF 10.22 million)(see note 12.4 and consolidated statement of changes in equity for the half-year ended 30 June 2020).

## Financial Statements

### Condensed consolidated statement of financial position (unaudited)

(Currency - CHF)

	Note	30.06.2020	31.12.2019
<b>Assets</b>			
<b>Current Assets</b>			
Cash and cash equivalents	6	1,805,709	2,040,992
Accounts receivable and accrued interest	7	579,341	618,563
Financial assets at fair value	4.1	95,125	96,774
Investments at fair value through profit or loss	4.1	8,321,616	11,875,623
<b>Total Current Assets</b>		<b>10,801,791</b>	<b>14,631,952</b>
<b>Non-Current Assets</b>			
Accounts receivable and accrued interest	7	11,597,563	10,461,347
Investment in Associates	8	2	188,510
Investment property	5.1.1	35,305,917	40,659,026
Deferred tax assets, net		-	22,514
Goodwill	11	1,843,458	2,133,594
<b>Total Non-Current Assets</b>		<b>48,746,940</b>	<b>53,464,991</b>
<b>Total Assets</b>		<b>59,548,731</b>	<b>68,096,943</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Accounts payable and accrued expenses	10.2	4,211,673	4,557,672
Loans from banks	10.1	404,202	494,978
Income tax liabilities	10.4	24,296	21,869
Other current liabilities	13	212,643	153,492
<b>Total Current Liabilities</b>		<b>4,852,814</b>	<b>5,228,011</b>
<b>Non-Current Liabilities</b>			
Loan from bank	10.1	12,447,772	12,862,011
Financial lease liabilities: Investment property	10.3	1,448,466	1,730,796
Provisions	10.5	127,936	148,071
<b>Total Non-Current Liabilities</b>		<b>14,030,082</b>	<b>14,740,878</b>
<b>Total Liabilities</b>		<b>18,882,896</b>	<b>19,968,889</b>
<b>Shareholders' Equity</b>			
Share capital	12.1; 12.2	32,790,585	32,790,585
Capital paid in excess of par value (share premium)	12.1	31,922,676	31,922,676
Treasury stock	12.3	-2,370,696	-2,370,696
Accumulated deficit	12.4	-14,803,657	-10,221,610
Cumulative translation adjustment	12.5	-6,873,073	-3,992,901
<b>Total Shareholders' Equity</b>		<b>40,665,835</b>	<b>48,128,054</b>
<b>Total Liabilities and Shareholders' Equity</b>		<b>59,548,731</b>	<b>68,096,943</b>
Number of shares issued and fully paid-in	12.1	2,644,402	2,644,402
Nominal value (in CHF)		12.40	12.40

## Condensed consolidated statement of comprehensive income for the period (unaudited)

(Currency - CHF)

	Note	1.1.-30.06.2020	1.1.-30.06.2019
<b>Gross rental income</b>	5.1.5	1,948,896	1,906,341
Operating costs and tax	5.1.5	- 713,565	- 920,247
<b>Net rental income</b>	5.1.5	1,235,331	986,094
Fair value adjustment on investment property		-	2,280,171
Share of results of associated companies	8	- 188,508	-
Interest income		419,592	373,851
Dividend income		9,414	61,371
Other income		57,777	-
Realised and unrealised (loss) / profit on investments through profit or loss, net	4; 4.1	- 437,038	1,058,684
Realised and unrealised (loss) on forward foreign exchange contracts, net	4; 4.1	-	- 51,120
Foreign exchange result		- 3,641,714	- 288,581
<b>Total income and financial result</b>		<b>- 2,545,146</b>	<b>4,420,470</b>
<b>Expenses</b>			
Finance costs	5.1.6	- 362,499	- 414,031
Management fees	14.1	- 290,901	- 331,185
Staff remuneration		- 369,346	- 357,010
Professional fees	16	- 210,641	- 109,720
Legal fees		- 27,530	- 11,660
Other expenses	17	- 102,858	- 83,286
Directors' fees and expenses		- 75,000	- 83,333
Audit fees		- 45,500	- 52,307
Information technology		- 38,231	- 23,492
Administrative costs		- 26,044	- 31,046
Travel expenses		- 12,673	- 11,549
Tax other than on income		- 18,867	-
<b>Total expenses</b>		<b>- 1,580,090</b>	<b>- 1,508,619</b>
(Impairments) / Reversal of impairments	7; 7.1; 9	- 427,983	644,848
<b>(Loss) / Gain for the year before taxes</b>		<b>- 4,553,219</b>	<b>3,556,699</b>
Taxes		- 28,828	- 17,328
<b>(Loss) / Gain for the year after taxes</b>		<b>- 4,582,047</b>	<b>3,539,371</b>
<b>Attributable to</b>			
Equity holders of the Company		- 4,582,047	3,539,371
<b>Other comprehensive income</b>			
Cumulative translation adjustment (net of tax) *			
whereof related to fully consolidated subsidiaries (see "Consolidated changes in Equity", page 17)		- 2,880,172	1,477,461
<b>Total comprehensive (loss)/profit for the year (net of tax)</b>		<b>- 7,462,219</b>	<b>5,016,832</b>
<b>Attributable to</b>			
Equity holders of the Company		- 7,462,219	5,016,832
Earnings per share for profit attributable to equity holders during the period		1.1.-30.06.2020	1.1.-30.06.2019
Time-weighted average number of outstanding shares	4	2,574,234	2,574,234
Basic earnings per share (in CHF)	4	- 1.780	1.375
Diluted earnings per share (in CHF)	4	- 1.780	1.375

\* Will be reclassified subsequently to profit and loss when specific conditions are met.

## Condensed consolidated statement of cash flows for the period (unaudited)

(Currency - CHF)

	30.06.2020	30.06.2019
<b>Cash Flows from Operating Activities</b>		
Gain / (loss) before tax	- 4,553,219	3,556,699
<b>Adjustments for:</b>		
Impairment	427,983	- 644,848
Realised and unrealised result on investments through profit or loss, including exchange (loss) / profit	4,436,145	- 1,925,190
Realised and unrealised result on forward foreign exchange contracts	-	51,120
Fair value change on investment property	-	- 3,908,603
Share of results of associated companies	188,508	-
Other non-cash income and expenses	- 3,580,798	2,325,795
<b>Operating profit / (loss) before working capital changes</b>	<b>- 3,081,381</b>	<b>- 545,027</b>
<b>Movement in working capital:</b>		
Investment portfolio movement, net	5,197,159	731,935
(Increase) / decrease other financial assets at fair value	-	1,100
Change in accounts receivable and accrued interest	- 1,449,748	- 38,384
Change in accounts payable and accrued expenses	- 88,899	142,225
Change in other assets	- 8	- 6
Taxes paid	- 573	- 103,370
<b>Net cash flow from operating activities</b>	<b>576,550</b>	<b>187,415</b>
<b>Cash Flows from Investment Activities</b>		
Investments in investment property	- 165,244	- 93,766
Disvestment from investment property	2,037	-
Interest received	164,505	373,851
Dividends received	9,414	61,371
<b>Net cash flow from / (used in) investment activities</b>	<b>10,712</b>	<b>341,456</b>
<b>Cash Flows from Financing Activities</b>		
(Decrease) / increase in long term debts	- 245,356	315,599
Loans repaid	- 151,373	- 481,517
Interest paid	- 349,360	- 287,698
<b>Net cash flow (used in) financing activities</b>	<b>- 746,089</b>	<b>- 453,616</b>
Foreign currency translation effects on cash and cash equivalents	- 76,456	- 51,479
<b>Net change in cash and cash equivalents</b>	<b>- 235,283</b>	<b>23,776</b>
Cash and cash equivalents at beginning of the period	2,040,992	1,830,568
Cash and cash equivalents at the end of the period	1,805,709	1,854,344

## Condensed consolidated statement of changes in equity for the period (unaudited)

(Currency - CHF)

	Share capital	Share premium	Treasury stock	Cumulative translation adjustment	Retained earnings	Total	Non-controlling interests	Total Shareholders
<b>Balance as at 1 January 2019</b>	32,790,585	75,447,951	-2,370,696	-5,413,594	-59,981,744	40,472,502	-	40,472,502
Other movements *	-	-43,525,275	-	-	43,525,275	-	-	-
Profit for the year after tax	-	-	-	-	6,234,859	6,234,859	-	6,234,859
Other comprehensive income **	-	-	-	1,420,693	-	1,420,693	-	1,420,693
<b>Total comprehensive income for the year</b>	-	-	-	1,420,693	49,760,134	7,655,552	-	7,655,552
<b>Balance as at 31 December 2019</b>	32,790,585	31,922,676	-2,370,696	-3,992,901	-10,221,610	48,128,054	-	48,128,054
<b>Balance as at 1 January 2020</b>	32,790,585	31,922,676	-2,370,696	-3,992,901	-10,221,610	48,128,054	-	48,128,054
(Loss) for the period after tax	-	-	-	-	-4,582,047	-4,582,047	-	-4,582,047
Other comprehensive (loss) **	-	-	-	-2,880,172	-	-2,880,172	-	-2,880,172
<b>Total comprehensive (loss) for the period</b>	-	-	-	-2,880,172	-4,582,047	-7,462,219	-	-7,462,219
<b>Balance as at 30 June 2020</b>	32,790,585	31,922,676	-2,370,696	-6,873,073	-14,803,657	40,665,835	-	40,665,835

\* See note 12.4 on page 36 of these unaudited semi-annual consolidated financial statements.

\*\* Due to cumulative translation adjustments (net of tax) arising from Group subsidiaries denominated in currencies other than the Group presentation currency, i.e. Swiss Franc.

## Condensed notes to the consolidated unaudited interim financial statements as of 30 June 2020 (Currency - CHF)

### *1. Incorporation and activity*

ENR Russia Invest SA (the "Company" or "ENR") was founded on 18 May 2007 for an unlimited duration. On 25 May 2007, it was registered with the Commercial Register of the Canton of Geneva under the reference number CH-660-1263007-3 (LEI number: 549300YZZWAR230IMD33) and the Company name "ENR Russia Invest SA". The Company is incorporated as a limited company by shares under the laws of Switzerland. The Company's registered office is rue du Rhône 118, 1211 Geneva, Switzerland. The Company is trading under Swiss security number 3447695 with ISIN number of the shares CH0034476959 and the ticker symbol of the shares is RUS.

These condensed interim financial statements have been approved by the Board of Directors on 26 August 2020.

### *2. Basis for the presentation of the condensed consolidated interim financial statements*

These condensed interim consolidated financial statements represent the unaudited condensed interim consolidated financial statements for the half year ended 30 June 2020 of the Company and its subsidiaries (collectively the "Group") and are prepared in accordance with IAS 34 'Interim Financial Reporting'. These condensed interim consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the annual financial statements for the year ended 31 December 2019, which have been prepared in accordance with International Financial Reporting Standards ("IFRS").

### *3. Significant accounting policies*

#### *3.1 Accounting policies*

The accounting policies adopted in the preparation of these interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2019, except as stated below or for the adoption of new standards effective as of 1 January 2020.

### 3.2 New and amended standards and interpretation relevant to the Group.

#### 3.2.1 Definition of a Business (amendments to IFRS 3)

The amendments clarify whether a transaction should be accounted for as a business combination or as an asset acquisition.

#### 3.2.2 Definition of Material (amendments to IAS 1 and IAS 8)

The amendments clarify the definition of "Material": Materiality depends on the nature or magnitude of information, or both. An entity assesses whether information, either individually or in combination with other information, is material in the context of its financial statements taken as a whole.

Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity. Information is obscured if it is communicated in a way that would have a similar effect for primary users of financial statements to omitting or misstating that information.

#### 3.2.3 Other new standards and interpretations

The following new and revised standards and interpretations had no material impact on the financial statements of the Group at the time of their first application or were of no significance to it:

- IFRS 9/IFRS 7/IAS 39 – Interest Rate Benchmark Reform.

### 3.3 Foreign currency translation

Transactions denominated in foreign currencies are translated into the functional currencies of Group entities at the ruling exchange rates on the date of the transaction. At the balance sheet date, all monetary assets and liabilities denominated in foreign currencies are converted to the functional currencies using the closing exchange rate. Non-monetary items measured at historical cost are converted at the exchange rate on the date of the transaction.

The following exchange rates were used:

	30.06.2020	30.06.2020	30.06.2019	30.06.2019
	Balance Sheet date rates	Annual average rates	Balance Sheet date rates	Annual average rates
EUR	1.06791	1.06450	1.10934	1.12718
USD	0.95175	0.96378	0.97400	0.99708
RUB	0.01347	0.01372	0.01544	0.01538

#### 4. Investment portfolio

in CHF

	30.06.2020	31.12.2019
Fair value of trading portfolio assets at beginning of the period	11,972,397	16,991,116
<b>Investment Portfolio Movement for the Period</b>		
Purchase of investments	280,856	-
Sale of investments	- 3,399,473	- 6,099,799
Net realised (loss) / profit on disposal of investments	- 80,468	584,510
<b>Net investment portfolio movement for the period</b>	<b>- 3,199,085</b>	<b>- 5,515,289</b>
(Decrease) / increase in fair value	- 356,571	496,570
Fair value of portfolio at the end of the period	8,416,741	11,972,397
- of which financial assets at fair value	95,125	96,774
- of which investments at fair value through profit or loss	8,321,616	11,875,623

The investment portfolio is represented as follows on the Consolidated statement of financial position:

<b>As Investments at fair value through profit or loss</b>		
Listed equity securities and bonds held for trading	4,952,570	8,448,169
Unlisted equity securities and fixed income instruments held for trading	3,369,046	3,427,454
Financial assets at fair value	95,125	96,774
<b>Total designated as fair value through profit or loss</b>	<b>8,416,741</b>	<b>11,972,397</b>
<b>Total financial assets at fair value through profit or loss</b>	<b>8,416,741</b>	<b>11,972,397</b>
<b>Profit / (Loss) on investments at fair value through profit or loss</b>		
Net (loss) / profit and foreign exchange impact	- 80,468	584,510
Changes in fair value (decrease) / increase and foreign exchange impact	- 356,570	547,689
<b>Total</b>	<b>- 437,038</b>	<b>1,132,199</b>
<b>Profit / (Loss) recognised on derivatives</b>		
(Decrease) in fair value and foreign exchange impact	-	- 51,120
<b>Total</b>	<b>-</b>	<b>- 51,120</b>



## 4.1 Details of investments at fair value through profit or loss

Balance as of 01.01.2020		
Listed equity securities	Quantity	CHF
FEDERAL GRID COMPANY OF UES OJSC	10,173,273	31,821
RUSHYDRO PJSC	37,325,615	323,133
MOSCOW UNITED ELECTRIC GRID	12,313,327	228,726
SEVERSTAL PAO	38,000	557,054
LENTA LTD	-	-
<b>Sub-total: Listed equity securities</b>		<b>1,140,734</b>
<b>Fixed income</b>		
VTB Capital SA 4.0725% , 24.10.2024, BOND	500,000	530,750
LUKOIL INTL FIN BV 4.563%, 04/2023, BOND	1,000,000	1,027,120
GAZ CAPITAL SA 4.95%, 07/2022, BOND	1,000,000	1,024,215
DME AIRPORT Ltd 5.075%,02/2023, BOND	500,000	501,263
SB CAPITAL SA 6.125%, 02/2022, BOND	1,000,000	1,035,350
GAZ CAPITAL SA 6.51%, 03/2022, BOND	1,000,000	1,050,358
MMC NORILSK NICKEL 6.625%, 10/2022, BOND	1,000,000	1,066,817
VTB EURASIA LIMITED 9.5 %, (perpetual), BOND	1,000,000	1,071,562
<b>Sub-total: Fixed income</b>		<b>7,307,435</b>
<b>Private equity</b>		
Transterm - ordinary shares	9,310,000	3,427,454*
<b>Sub-total: Private equity</b>		<b>3,427,454</b>
<b>Total investments at fair value through profit and loss</b>		<b>11,875,623</b>
<b>RECEIVABLES: Potential milestone payments (European Property Holdings Ltd Shares Sale)</b>		
Non-Current assets	-	96,774
<b>Total unlisted investments at fair value through profit and loss</b>		<b>96,774</b>
<b>Total investments</b>	-	<b>11,972,397</b>

\* Please refer to note 4.2 for the net position in relation to Transterm.

Movement in period (CHF)		Realised (CHF)		Changes in fair value (CHF)		Balance as of 30.06.2020	
Purchases and Additions	Sales, Redemptions and Withdrawals	Gains	Losses	Gains	Losses	Quantity	CHF
-	-	-	-	-	-6,205	10,173,273	25,616
-	-112,985	28,330	-1,916	75,361	-42,417	27,325,615	269,506
-	-94,171	2,891	-1,597	-	-28,127	7,313,327	107,722
-	-179,643	370	-11,298	-	-78,578	25,000	287,905
280,856	-	-	-	-	-64,988	94,793	215,868
280,856	-386,799	31,591	-14,811	75,361	-220,315	-	906,617
-	-	-	-	-	-20,500	500,000	510,250
-	-	-	-	-	-18,264	1,000,000	1,008,856
-	-997,629	2,239	-28,825	-	-	-	-
-	-	-	-	-	-52,275	500,000	448,988
-	-992,592	-	-42,758	-	-	-	-
-	-1,022,453	1,083	-28,987	-	-	-	-
-	-	-	-	-	-26,460	1,000,000	1,040,357
-	-	-	-	-	-34,060	1,000,000	1,037,502
-	-3,012,674	3,322	-100,570	-	-151,559	-	4,045,953
-	-	-	-	-	-58,408	9,310,000	3,369,046*
-	-	-	-	-	-58,408	-	3,369,046
280,856	-3,399,473	34,913	-115,381	75,361	-430,282	-	8,321,616
-	-	-	-	-	-1,649	-	95,125
-	-	-	-	-	-1,649	-	95,125
280,856	-3,399,473	34,913	-115,381	75,361	-431,931	-	8,416,741

## 4.2 Transterm Holdings Cyprus Limited

Transterm uses loan distributions to distribute proceeds to its shareholders as it does not have sufficient distributable reserves for dividend distributions. These loans are only repayable at election of the borrower. ENR recognises these loans as part of "Accounts payable and accrued expenses" as they are not repayable and do not carry interest. Non-repayable loans will be set-off in a future Transterm capital reduction.

At 30 June 2020, the net book value attributable to Transterm was CHF 190'178 (31 December 2019: CHF 193'476), i.e. the CHF equivalent of what may still be received in future distributions from Transterm. The valuation of the Transterm investment bears inherent uncertainties due to the absence of a liquid market and as the realisation of these proceeds is uncertain. This may impact expected future distributions from Transterm. Accordingly, the fair value attributed to this investment may differ from the realisable value.

The following table illustrates the calculation of the net carrying value at 30 June 2020 and at year-end 2019:

in CHF

	30.06.2020	31.12.2019
Carrying value at the beginning of the period (gross)	3,427,454	3,486,746
Non-repayable loans received in prior periods	-3,233,978	-3,289,924
<b>Carrying value at the beginning of the period (net)</b>	<b>193,476</b>	<b>196,822</b>
Unrealised gain / (loss) due to foreign exchange movements	-58,409	-59,292
Carrying value at the end of the period (gross)	3,369,046	3,427,454
Non-repayable loans received (in current and prior periods)	-3,178,868	-3,233,978
<b>Carrying value at the end of the period (net)</b>	<b>190,178</b>	<b>193,476</b>

## 4.3 Fixed income instruments

The Group owns a range of fixed income instruments issued by Russian corporates. Details of fixed income instruments are set out in the table under note 4.1. At 30 June 2020, the aggregate fair value attributed to fixed income instruments was CHF 4.05 million (31 December 2019: CHF 7.31 million). During the reporting period CHF 3.01 million was generated from the sale of fixed income instruments (proceeds re-invested towards greenhouse complex for flower production in Russia - see note 8.2)

## 4.4 Listed equities

The Group holds shares in various Russian electricity sector companies and has GDR's in Severstal (a vertically integrated steel and steel-related mining company with major assets in Russia). During the reporting period CHF 280'856 of Lenta Ltd shares were acquired. Lenta Ltd is one of Russia's largest retail chains. The Group also sold Russian electricity sector companies listed equity shares for an aggregate amount of CHF 386'799 during the reporting period. At 30 June 2020, the aggregate value of the listed equities shares was CHF 906'617 (31 December 2019: CHF 1.14 million).

#### 4.5 Possible Future Milestone Payments: European Property Holdings Limited

At 30 June 2020, the book value of further amounts the Group may receive from the sale of its shares in European Property Holdings Limited ("EPH") in future years was CHF 95'125 (31 December 2019: CHF 96'774). As the realisation of these possible future milestone payments proceeds is uncertain and depends on EPH successfully completing and disposing of certain real estate projects (which may materially impact the expected amount), the fair value attributed to this investment may differ from the realisable value.

### 5. Investment Property (Petrovsky Fort business center in Saint-Petersburg, Russia)

#### 5.1.1 Carrying value

The following table explains the movement in the carrying value of the investment property (as shown on the asset side of the balance sheet):

in CHF

	Investment Property Building	Investment Property Land Lease	Total
Opening balance at 1 January 2019	31,602,741	1,577,544	33,180,285
Investments	414,152	-	414,152
Disposals	- 37,117	-	- 37,117
Fair value adjustments including foreign currency effects	3,729,254	- 4,778	3,724,476
Foreign exchange translation differences	3,219,201	158,029	3,377,230
Carrying amount at 31 December 2019	38,928,231	1,730,795	40,659,026
Opening balance at 1 January 2020	38,928,231	1,730,795	40,659,026
Investments	181,173	-	181,173
Disposals	- 2,037	-	- 2,037
Fair value adjustments	-	-	-
Foreign exchange translation differences	- 5,296,883	- 235,362	- 5,532,245
Carrying amount at 30 June 2020	33,810,484	1,495,433	35,305,917
Carrying amount at 31 December 2019	38,928,231	1,730,795	40,659,026
Carrying amount at 30 June 2020	33,810,484	1,495,433	35,305,917

In prior periods, an intercompany loan towards Petrovsky Fort LLC was denominated in USD. This loan was converted into ruble during 2019. Consequently, for the loan there are no longer foreign exchange translation effects (as in prior reporting periods) resulting in fair value adjustments as the functional currency of Petrovsky Fort LLC and the loan are the same.

### 5.1.2 The business center

Petrovsky Fort is a 47,600 square meter Class B office and retail building located at Finlandsky Prospect 4, liter A in central Saint-Petersburg. The building has nine office levels and two retail levels and a large central atrium. Of the net rentable space, 15,300 square meters are designated for office use and 5,800 square meters for retail space. The building has an underground parking facility with 118 parking spaces and an above-ground car park with 36 parking spaces.

### 5.1.3 Vacancies

Vacancies at the nine office floors increased to 11% at the half-year (31 December 2019: 5%). Retail floor vacancies increased to 39% at the half-year (31 December 2019: 36%). As of 30 June 2020, the aggregate vacancy rate as a percentage of total rentable area of the building was 19.6% (31 December 2019: 14.16%)

### 5.1.4 Value and Valuation Method

The carrying value of the investment property represents the fair value plus the adjustment for land lease liabilities for rent payments to the city of Saint-Petersburg for the long-term land lease of the land related to the Petrovsky Fort business center. At 30 June 2020, the carrying value was CHF 35.31 million (see note 5.1.1) (31 December 2019: 40.66 CHF million).

For the half-year 2020, ENR determined the fair value of the investment property based on the income approach, using the discounted cash flow method and taking account of capex investments made in the first six months of 2020 (see following table). As per IAS 34.41, when determining the fair value of an investment property for the interim report period, there is a greater use of estimates and adjustments than when compared to the annual reporting period where an independent third party valuator is used to determine the value of investment properties and changes in the assumptions used could impact on the reported fair value of Petrovsky Fort.

At year-end 2019, an independent third party real estate valuation expert Jones Lang LaSalle LLC ("JLL") performed the valuation of Petrovsky Fort using the yield method (within the income approach), where anticipated future cash flow benefits from rental income are converted into the present value (see following table). JLL's key assumptions are set out in the 2019 annual report and related to rental rates at which space can be leased out; equivalent yield and future occupancy levels.

The significant unobservable inputs used in the fair value measurement of the investment property are shown in the following table:

Property	Fair value as of 30 June 2020	Valuation technique	Key unobservable inputs	
Petrovsky Fort	RUB 2'510'058'125	Income capitalisation	ERV *	RUB 11'500
			Discount rate	14.25%
			Capitalisation rate	10.75%
Property	Fair value as of 31 December 2019	Valuation technique	Key unobservable inputs	
Petrovsky Fort	RUB 2'497'000'000	Income capitalisation	ERV *	RUB 11'500
			Discount rate	14.25%
			Capitalisation rate	10.75%

\* Estimated rental income per square meter.

### 5.1.5 Net rental income

The breakdown of net rental income for the half years ending 30 June 2020 and 2019, respectively, is shown below:

in CHF	1.1.-30.06.2020	1.1.-30.06.2019
Gross rental income	1,948,896	1,906,341
Land lease expenses *	-	- 100,474
Operating expenses	- 519,174	- 645,162
Property tax and non-recoverable VAT	- 194,391	- 174,611
Operating cost and tax	- 713,565	- 920,247
<b>Net rental income</b>	<b>1,235,331</b>	<b>986,094</b>

\* Included in Finance costs

### 5.1.6 Finance Costs

For the loan with UniCreditbank, see note 10.1 for the finance costs and refer to the table below.

in CHF	1.1.-30.06.2020	1.1.-30.06.2019
UniCreditbank interest payments	- 261,915	- 284,548
Commission and service fees	-	- 110,738
Other bank interest, fees and charges	- 8,485	- 18,745
Interest expenses on land lease liabilities	- 92,099	-
<b>Total</b>	<b>- 362,499</b>	<b>- 414,031</b>

## 6. Cash and cash equivalents: current assets

This comprises cash at bank and in hand and short-term deposits with an original maturity of three months or less.

in CHF

	30.06.2020	31.12.2019
Cash at bank and in hand	1,805,709	2,040,992
Cash and cash equivalents	<u>1,805,709</u>	<u>2,040,992</u>

## 7. Accounts receivable and accrued interest: current assets and non-current assets,

in CHF

	30.06.2020	31.12.2019
Loans to Inkonika LLC (Turgenevskaya parking)	3,931,263	4,568,210
Loans to Kaluga Flower Holding LLC	6,788,880	4,817,310
Zaytsevo claim	864,015	1,000,000
Accrued interest	422,801	440,023
Other	169,945	254,367
<b>Total accounts receivable and accrued interest</b>	<u>12,176,904</u>	<u>11,079,910</u>
whereof current assets	579,341	618,563
whereof non-current assets	11,597,563	10,461,347

### 7.1 Loans to Inkonika LLC - Turgenevskaya parking garage

The Group has a 50% interest in an associate company, Vestive Limited, who owns the Turgenevskaya parking garage in Moscow via a wholly owned subsidiary, Inkonika LLC. As part of the corporate structure there are loans to Inkonika LLC and Vestive Limited and these loans are treated as accounts receivable. On acquisition in 2017 these loans were recognised on the balance sheet at fair value (based on the transaction price paid for the investment in the Turgenevskaya parking garage).

At year-end third party real estate appraiser performs a valuation of the Turgenevskaya parking garage (Vestive's main asset) and an impairment review is then done to evaluate if the value attributed to the loans require adjustment. At 31 December 2019, JLL valued 100% of the parking garage at RUB 595 million. For the half-year periods no independent third party valuation is done as ENR makes a determination on the fair value of the parking garage based on a discounted cash-flow valuation, using methodology similar to JLL (the value 100% of the parking garage at 30 June 2020 was RUB 594.90 million). Following an impairment review of the loans it was required to make a downwards adjustment of the amortised cost of these loans (i.e. increase the impairment for these loans of CHF 427'983). Consequently, the attributable value for these loans reduced from CHF 4.57 million to CHF 3.93 million (see table above).

### *7.2 Loans to Kaluga Flower Holding LLC (investment in flower greenhouse complex)*

The Group has a 50% interest in an associate company, Kaluga Flower Holding LLC (see note 8.2 ). At 30 June 2020, the Group had invested ruble 506 million (CHF 6.82 million) via loans to Kaluga Flower Holding LLC. These loans were recognised in the balance sheet at fair value based on the actual value of the amount invested. At 30 June 2020, an impairment review of these loans was made. No impairment was required.

### *7.3 Zaytsevo account receivable*

The Group participated in a residential real estate development comprising of free standing multi-story apartment buildings at Zaytsevo in the Odintsovsky district south-west of Moscow. The investment is regulated via an agreement for the participation in shared construction. During late 2019 the developer was placed in liquidation. Subsequently, ENR, who has a mortgage over the landplot where its apartments were to be constructed, registered its claim for its investment under the agreement for the participation in shared construction, together with contractual penalties. As a result of the liquidation, the investment was no longer shown as an Asset Under Development in 2019 but as an Accounts Receivable. As the liquidation process will take time and the proceeds ENR may realise from this process is uncertain, the impairment to the carrying value of the account receivable was increased in 2019, resulting in a carrying value of the receivable at ruble 64.14 million. Based on the anticipated proceeds to be realised from the liquidation process, the carrying value of the receivable remains at ruble 64.14 million at 30 June 2020. Due to ruble depreciation the carrying value of this receivable reduced in Swiss Franc terms by CHF 135'985 during the reporting period.

## *8. Other investments accounted for under the equity method.*

### *8.1 Loans to Inkonika LLC - Turgenevskaya parking garage*

In July 2017 the Group acquired its 50% interest in the Turgenevskaya parking garage via its 50% interest in Vestive Limited (see note 7). The parking garage is well located in the central business district of Moscow at Turgenevskaya square on the Boulevard Ring. It was opened in January 2012 and has a gross built area of almost 10'000 square meters, with 297 parking lots (18 above ground and rest in six levels underground). Parking lots are leased to corporate clients and to individuals on a monthly or annual basis and hourly for other users. There are several business centers and retail properties in the surrounding area (including the Lukoil head offices) with three subway stations within close walking distance. As per the Vestive Limited shareholders' agreement at least one of the two other 25% shareholders must approve protected shareholder matters. Accordingly, the Group does not fully control Vestive Limited, who is treated as an associate and accounted for under the equity method. For equity accounting, the equity value of the investment in Inkonika LLC is CHF 1 (31 December 2019: CHF 1).

## 8.2 Loans to Kaluga Flower Holding LLC (investment in flower greenhouse complex)

During late 2019 the Group acquired a 50% interest in an associate company, Kaluga Flower Holding LLC, who owns a greenhouse flower growing complex in Russia (135 km south-west of Moscow). The greenhouses are well engineered and equipped with five stand-alone greenhouses (the largest of which 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). ENR teamed-up with a Russian investor, who owns the remaining 50% interest in KFH. The greenhouse complex was not operational for several years whilst under the control of the Russian Deposit Insurance Agency. 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. As per the corporate charter and shareholder agreement decisions are made on a joint basis and both shareholders must approve protected shareholder matters. Accordingly, the Group does not fully control Kaluga Flower Holding LLC (treated as a joint-venture and accounted for under the equity method). For equity accounting, the equity value of the investment in Kaluga Flower Holding LLC is CHF 1 (31 December 2019: CHF 188'509).

## 9. Impairments

in CHF

	1.1.-30.06.2020	1.1.-30.06.2019
(Impairment) / Release of impairment *	- 427,983	612,960
Other : Release of impairment / (Impairment)	-	31,888
<b>Total : (Impairment) / Release of impairment</b>	<b>- 427,983</b>	<b>644,848</b>

\* Related to Inkonika LLC, please refer to note 7.1

See note 7.1 for an explanation on the movement of the impairment for Inkonika LLC.

## 10. Liabilities

### 10.1 Loans from banks

in CHF

	30.06.2020	31.12.2019
<b>Balance at beginning of period - UniCreditbank loan</b>	<b>13,272,501</b>	<b>14,195,361</b>
Quarterly loan repayments	- 201,521	- 415,643
Foreign exchange translation differences	- 219,508	- 507,217
<b>Balance at the end of period - UniCreditbank loan</b>	<b>12,851,472</b>	<b>13,272,501</b>
Balance at beginning of period - UniCreditbank accrued interest	-	64,661
Movement during the year	- 416	- 57,007
Foreign exchange translation differences	416	- 7,654
<b>Balance at the end of period - UniCreditbank accrued interest</b>	<b>-</b>	<b>-</b>
<b>Banque Cramer - Credit facility</b>	<b>502</b>	<b>84,488</b>
<b>Balance at the end of the period</b>	<b>12,851,974</b>	<b>13,356,989</b>
of which in current liabilities	404,202	494,978
of which in non-current liabilities	12,447,772	12,862,011

The loan from UniCreditbank to Stainfield Limited, a wholly owned ENR subsidiary, is a Euro based loan and has an expiry date of 31 December 2023. Key terms: Interest rate/margin (per annum) of 4% plus 3 months Euro LIBOR (if negative, then zero); Interest payments are made quarterly; Amortisation of Euro 94'510 per quarter; Final principal balance repayment of Euro 12.22 million. At 30 June 2020, Petrovsky Fort LLC registered one mortgage on the building, serving as part of the collateral package for the loan from UniCreditbank. Also see note 18.

## 10.2 Accounts Payable and Accrued Expenses: current liabilities

in CHF

	30.06.2020	31.12.2019
Transterm Holdings Cyprus Ltd (note 4.2)	3,178,868	3,233,978
Other creditors	1,032,805	1,323,694
<b>Balance at the end of the period</b>	<b>4,211,673</b>	<b>4,557,672</b>
whereof current liabilities	4,211,673	4,557,672
whereof non-current liabilities	-	-

## 10.3 Financial lease liabilities Petrovsky Fort: non-current liabilities

in CHF

	30.06.2019	31.12.2019
<b>Financial lease liabilities Petrovsky Fort: non-current</b>	<b>1,448,466</b>	<b>1,730,796</b>
Financial Lease		

Finance lease liabilities represent non-current liabilities of Petrovsky Fort LLC in relation to rent payments to the city of Saint-Petersburg for the lease of the land of the Petrovsky Fort office center and the present value of these payments as at 30 June 2020 and 31 December 2019 are as presented above.

During 2020, operating expenses included a charge of CHF 10'800 for short-term leases (ENR office rent).

## 10.4 Income Tax liabilities shown on the consolidated balance sheet

The following table shows the movement in income tax payable and receivable during the reporting period and resulting income tax liability at the end of the period.

in CHF

	30.06.2020	31.12.2019
<b>Balance at beginning of period</b>	<b>21,869</b>	<b>15,880</b>
Payment during the period	- 16,573	- 33,228
Reversal of provision (net)	19,000	39,217
<b>Balance at the end of the period</b>	<b>24,296</b>	<b>21,869</b>

## 10.5 Provisions

in CHF

	30.06.2020	31.12.2019
Position at 1 January	148,071	246,041
Provisions released and credited to income statement	-	- 121,086
Foreign exchange translation differences	- 20,135	23,116
<b>Balance at 31 December</b>	<b>127,936</b>	<b>148,071</b>
<b>Maturity of provisions</b>		
Within one year	-	-
More than one year	127,936	148,071

## 11 Goodwill

in CHF

	30.06.2020	31.12.2019
<b>Balance at beginning of period</b>	<b>2,133,594</b>	<b>1,939,257</b>
Currency Translations Adjustments in consolidated equity	- 290,136	194,337
<b>Balance at the end of the period</b>	<b>1,843,458</b>	<b>2,133,594</b>

Goodwill arose on the acquisition of the Petrovsky Fort business center in Saint-Petersburg, Russia via a share deal. IFRS requires the recognition of deferred taxes on a nominal basis, whilst any share transaction in relation to the asset they relate to is based on the market value of these taxes. Any difference is reflected as goodwill. The impairment test compares the accounting value of goodwill and potential tax optimisation at the reporting date. No impairment was required as at 30 June 2020. Currency translation adjustment from translation of goodwill in foreign currency to CHF is recognised in consolidated equity (see in table Consolidated statement of changes in equity on page 17).

## 12 Equity

### 12.1 Overview

As of 30 June 2020 the issued and authorised ordinary share capital of the ENR Russia Invest SA was CHF 32.8 million (31 December 2019: CHF 32.8 million), divided into 2'644'402 (31 December 2019: 2'644'402) bearer shares with a par value of CHF 12.40 (31 December 2018: CHF 12.40) each and one voting right per share. There are no restrictions on share transfers. Article 13 of the Company's articles of association contains an "Opting Out" clause regarding matters dealt with in pursuant to article 135 of the Federal Act on Financial Market Infrastructures and Market Conduct in Securities and Derivatives Trading of 19 June 2015 and waives the requirement to make a public tender offer whenever a shareholder acquires shares exceeding the threshold of 33 1/3 %, conversely 49 %, of the voting rights

## 12.2 Issued capital

Issued Capital	30.06.2020		31.12.2019	
	Number of shares	CHF	Number of shares	CHF
Opening balance	2,644,402	32,790,585	2,644,402	32,790,585
Closing balance	2,644,402	32,790,585	2,644,402	32,790,585

## 12.3 Treasury stock

	30.06.2020		31.12.2019	
	Number of shares	Weighted average cost price	Number of shares	Weighted average cost price
Opening balance	70,168	-2,370,696	70,168	-2,370,696
Closing balance	70,168	-2,370,696	70,168	-2,370,696

## 12.4 Simplified capital structure

At 30 June 2020 ENR's consolidated equity is CHF 31.92 million. During the first half year 2019, ENR Private Equity Ltd, a wholly owned subsidiary and fully consolidated Group company simplified its capital structure by setting off an amount of CHF 43.53 million of its share premium against its retained losses. On consolidation and with effect of 30 June 2019, ENR's consolidated equity was similarly adjusted (see condensed consolidated statement of changes in equity on page 17). As a result, the consolidated capital paid in excess of par value (share premium), as of 30 June 2019, was CHF 31.92 million with an accumulated deficit of CHF 12.92 million at that date (30 June 2020: CHF 14.80 million).

## 12.5 Cumulative currency translation adjustments

Upon consolidation, assets and liabilities of foreign operations are converted into CHF at the closing exchange rate on the balance sheet date and income and expense items are translated at monthly ruling exchange rates for the prior month. The resulting foreign currency translation differences represents a CTA attributable to ENR's shareholders, recognised directly within equity (forming part of total equity attributable to ENR's shareholders). As subsidiaries and associate companies of the Group use a different functional currency than the Group's presentation currency (Swiss Franc), the cumulative amount of the exchange rate differences from the translation of those entities functional currencies to the Group's presentation currency is presented in accordance with IAS 21 as a separate component of equity, as well as in the statement of comprehensive income in the sub-segment other comprehensive income.

### 13 Other current liabilities

	30.06.2020	31.12.2019
Accounts payables	50,096	60,932
Other *	162,547	92,560
<b>Closing balance</b>	<b>212,643</b>	<b>153,492</b>

\* Relates mainly to compulsory social staff related payments.

### 14 Related Parties

#### 14.1 Valartis Group

There is an investment management contract with Valartis International Ltd ("VI"), a wholly owned subsidiary of Valartis Group AG, Fribourg, Switzerland. Under the contract VI receives a management fee in Swiss Francs of 1.5% (plus VAT if applicable) per year based on the consolidated average attributable NAV (adjusted by adding back any outstanding debt issued by the Company or any of its subsidiaries or affiliates that is convertible into or exchangeable for shares of ENR Group).

in CHF

	1.1.-30.06.2020	1.1.-30.06.2019
Management fees for the period	- 290,901	- 331,185

Out-of-pocket expenses incurred by VI in carrying out the investigative and "due diligence" analysis required in pursuing likely investment opportunities and in monitoring existing investments, based on contractual terms, are paid by the Group. In addition, based on contractual terms, VI is entitled to receive a performance fee equal to 17.5% (plus VAT if applicable) of the total net profits (sale proceeds less acquisition costs and transaction costs) realised by the Group on such investment in the event of a sale, another form of disposal or a refinancing of an investment held by the Group, provided an annual rate of 8% is reached.

The local Moscow branch of VI was appointed by Inkonika LLC, Vestive Limited's subsidiary holding the Turgenevskaya Moscow based parking garage, to perform management services relating to the parking garage (business development, management of tenant agreements; property administration and commercialisation, legal support, local accounting, financial and cash management, budgeting and preparation of monthly reports). For this a fee of US\$ 78'800 (VAT exclusive) is paid per annum. The local Moscow branch of VI and Valartis Advisory Services were appointed by Petrovsky Fort LLC to provide property management services relating to the Petrovsky Fort building (for example, business development, management of tenant agreements; third party broker agreements, property administration and commercialisation, legal support, local accounting, financial and cash management, budgeting and preparation of monthly feedback reports). For this an aggregate property management fee of US\$ 220'000 per annum (VAT exclusive) is paid. Stainfield Limited to who Unicreditbank advanced loan funding for the Petrovsky Fort business center, also appointed VI to perform specific services with respect to servicing the UniCreditbank relationship. For this a fee of US\$ 99'000 per annum (VAT exclusive) is paid. The services rendered under the aforementioned contracts relate to the management of

the Petrovsky Fort asset and the Turgenevskaya Moscow based parking garage (as opposed to investment management services rendered under the general investment management contract) and these fees are payable in addition to fees paid under the general investment management contract.

Mr. Gustav Stenbolt is a board member of both ENR and Valartis Group AG and did not take part in the decisions involving the property management contracts.

#### 14.2 Significant shareholders as of 30 June 2020

Valartis Group and Valartis AG jointly own 63.22% (1'627'378 shares) of the outstanding share capital (issued shares minus treasury shares) of the Company. Athris AG owns 33.76% (892'703 shares) of the outstanding share capital (issued shares minus treasury shares) of the Company.

#### 14.3 Other

Gustav Stenbolt, via MCG Holding SA, is the majority shareholder of the Valartis Group AG and he is a member of the Group's Board of Directors.

### 15 Fair value hierarchy

The following table shows the fair value hierarchy of the Group's financial assets and liabilities and investment property measured at fair value as of 30 June 2020 .

in CHF	Level 1	Level 2	Level 3	Total
Financial assets, and investment property at fair value through profit or loss at inception:				
- Investments at fair value through profit or loss	4,952,570	-	3,369,046	8,321,616
- of which equity instruments trading	906,617	-	3,369,046	4,275,663
- of which fixed income	4,045,953	-	-	4,045,953
- Financial assets at fair value	-	-	95,125	95,125
- Total Financial assets, (liabilities) at fair value through profit or loss at inception	4,952,570	-	3,464,171	8,416,741
- Investment property	-	-	35,305,917	35,305,917
- Total Financial assets and investment property at fair value through profit or loss at inception	4,952,570	-	38,770,088	43,722,658

The following table shows the fair value hierarchy of the Group's financial assets and liabilities and investment property measured at fair value as of 31 December 2019:

in CHF	Level 1	Level 2	Level 3	Total
Financial assets, (liabilities) and investment property at fair value through profit or loss at inception:				
- Investments at fair value through profit or loss	8,448,169	-	3,427,454	11,875,623
- of which equity instruments trading	1,140,734	-	3,427,454	4,568,188
- of which fixed income	7,307,435	-	-	7,307,435
- Financial assets at fair value	-	-	96,774	96,774
- Total Financial assets at fair value through profit or loss at inception	8,448,169	-	3,524,228	11,972,397
- Investment property	-	-	40,659,026	40,659,026
- Total Financial assets and investment property at fair value through profit or loss at inception	8,448,169	-	44,183,254	52,631,423

The following presents the movement in level 3 investments for the six months ended 30 June 2020:

	CHF
Opening balance	44,183,254
- Financial assets at fair value	- 1,649
- Transterm Holdings Cyprus Ltd: fair value adjustment	- 58,408
- Investment property: Investments	181,173
- Investment property Building: disposals	- 2,037
- Investment property - foreign currency translation	- 5,532,245
Closing balance	38,770,088
Total (loss) for the period included in the income statement	- 62,094
Total (loss) for the period included in Other comprehensive income	- 5,532,245

The following presents the movement in level 3 investments for the year ended 31 December 2019:

	CHF
Opening balance	36,765,479
- Financial assets at fair value	- 1,674
- Transterm Holdings Cyprus Ltd: fair value adjustment	- 59,292
- Investment property: Investments	414,152
- Investment Property Building - fair value adjustment	3,687,359
- Investment property - foreign currency translation	3,377,230
Closing balance	44,183,254
Total gain for the period included in the income statement	4,040,545
Total gain for the period included in Other comprehensive income	3,377,230

## 16 Professional Fees

in CHF		1.1.-30.06.2020	1.1.-30.06.2019
Property management fees : Petrovsky Fort LLC		- 151,503	- 49,754
Other professional fees		- 59,138	- 59,966
<b>Total</b>		<b>- 210,641</b>	<b>- 109,720</b>

Other professional fees comprise mainly fees paid to firms supporting the Group's outsourced accounting and human resources functions.

## 17 Other Expenses

in CHF		1.1.-30.06.2020	1.1.-30.06.2019
Other expenses		- 102,858	- 83,286

These expenses relate mainly to non-capex projects and office refurbishment costs at Petrovsky Fort.

### 18 Assets pledged or assigned to secure own liabilities, assets under reservation of ownership and guarantees

in CHF

	30.06.2020		30.06.2019	
	Estimated market value	Effective commitment	Estimated market value	Effective commitment
Investment property (Petrovsky Fort)	33,810,484	12,851,974	34,529,279	14,017,647
<b>Total</b>	<b>33,810,484</b>	<b>12,851,974</b>	<b>34,529,279</b>	<b>14,017,647</b>

As of 30 June 2020 ENR provided a guarantee in favour of UniCreditbank in relation to their loan (see note 10.1) to Stainfield Limited towards the Petrovsky Fort business center (i.e. where ENR guaranteed to UniCreditbank that, on demand, it will pay all indebtedness, obligations and liabilities of Petrovsky Fort LLC regarding taxes payable in respect of this property). The Group also provided a guarantee of up to Euro 146'175 in respect of the obligations of Stainfield Limited, a wholly owned Group subsidiary and borrower of the UniCreditbank loan. Collateral provided to UniCreditbank in respect of this loan include a pledge of shares of Stainfield Limited and Romsay Properties Limited; a pledge of the participatory interests in Petrovsky Fort LLC; a mortgage of the Petrovsky Fort LLC premises; a pledge over lease rights and movables and the subordination of inter-company loans.

### 19 Subsequent Events

None

## Investment Guidelines

### 1. Investment Objective

To invest in private and public companies across different industry sectors as well as the real estate sector and to do so predominately in Russia and other Commonwealth of Independent States countries and in the Baltic States and to manage the asset portfolio to achieve long term capital appreciation on invested capital.

### 2. Investment Policy

The investment philosophy is growth-oriented and the focus is primarily on longer term strategies and capital appreciation. However, from time to time there may be certain investments which have a shorter investment horizon, reflecting specific opportunities or taking account of prevailing market conditions. At times the asset portfolio may comprise entirely of cash or cash equivalents.

### 3. Investment Instruments

Investments will be done primarily through equity and/or equity related and/or debt instruments or derivatives instruments.

Where capital resources have not been fully invested, same may be invested in a range of investment products, money market instruments, investment instruments issued by governments, financial institutions or companies, denominated in the currency of the country where investments are made or in any freely convertible currency. The Company may take temporary defensive positions if the investment manager

determines that opportunities for capital appreciation are limited or that significant diminutions in value may occur.

From time to time all or part of risks associated with investments may be hedged through the defensive use of derivative transactions, including, but not limited to, futures, options, swaps or any combination thereof.

From time to time leverage may be used in a manner commensurate with reasonable risk management to achieve investment objectives.

### 4. Investment Process and Factors considered

While investment criteria may vary depending upon the type of transaction, factors taken into consideration when analysing potential investments include:

- Attractive valuations and purchase prices;
- Strength, depth and commitment of the management team;
- Existence of a coherent and realistic long term business plan;
- Relevant asset values;
- Corporate governance issues;
- Identifiable exit strategies;
- Risk management; and
- Active post-acquisition investment approach.

Investment opportunities will be identified and analysed by the investment manager or its delegates or agents within the framework of the investment guidelines. The investment manager or its delegates or agents will manage the screening process and, inter alia, conduct interviews with management and owners with the objective of aligning differing interests. The investment manager's responsibilities include valuations, market analyses, competition analyses, debt capacity calculations, bid tactics, tax optimizing holding structures, financing structures, raising of debt finance, management incentives, personnel reinforcements required, due diligence processes and the intended exit strategy. Day-to-day investment decisions will be made by the investment committee in accordance with the investment guidelines, as determined by the board of directors.

## 5. Amendments

The investment guidelines may be amended by the board of directors at any time, in whole or in part. Amendments will become effective upon their approval by the board of directors (after expiry of any notice period for regulatory publications which may be required). The company may from time to time impose further investment restrictions, compatible with or in the interest of investors, or, in certain circumstances, in order to comply with relevant country laws and regulations.

Updated with effect 26 November 2016.

## Shareholder Information and Corporate Details

### Board of Directors

Gustav Stenbolt  
Walter Fetscherin

### Chief Executive Officer

Ben de Bruyn

### Domicile

ENR Russia Invest SA  
118 rue du Rhône  
1211 Geneva  
Switzerland

### Auditors

BDO SA  
Route de Meyrin 123  
1219 Châtelaine  
Switzerland

### Investment Manager

Valartis International Limited  
Vanterpool Plaza, 2nd Floor  
Wickhams Cay 1  
Road Town, Tortola, British Virgin Islands

### SIX Security Number

3447695

### ISIN Number

CH0034476959

### Ticker Symbol

RUS

### Group Website

[www.enr.ch](http://www.enr.ch)



[www.enr.ch](http://www.enr.ch)

---

ENR Russia Invest SA  
Investor Relations  
Rue du Rhône 118  
1211 Geneva 3 | Switzerland  
Tel: +41 22 510 2626

