



## Semi-Annual Report 2019





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## Letter to Shareholders

Dear shareholders,

For the six months ended 30 June 2019 ENR Russia Invest SA ("ENR" or the "Company") and its subsidiaries produced a consolidated net profit of CHF 3.54 million (compared to a consolidated net loss of CHF 119,077 for the similar period in 2018).

At 30 June 2019 ENR's consolidated net asset value was CHF 45.49 million (CHF 40.47 million at 31 December 2018).

During the reporting period the Ruble had appreciated around 8.8% against the Swiss Franc. This resulted in higher Swiss Francs values for our Russian based assets and led to the increase in our consolidated net asset value.

At Petrovsky Fort vacancies decreased as the rental market in Saint-Petersburg improved during the first six months of 2019. ENR continues with ongoing capex improvement programs at the business center and also introduced a number of new initiatives. A new look interactive website is in place ([www.petrofort.ru](http://www.petrofort.ru)); a new strategy to improve the mix of retail and service focused tenant businesses in the business center was implemented, overseen by a newly appointed head of these rental operations; a flagship bistro food hall & gastro-bar restaurant is planned to open before year-end 2019 and Petrovsky Fort is considering a potential redesign project of the atrium to optimize its use.

Russia's economy slowed in the first half of the year and Gross Domestic Product ("GDP") grew by 0.5 % in the first quarter of 2019. Lower real disposable income and consumer demand (following an increase in the value-added tax rate), a decline in industrial production, retail sales, construction output and agricultural production contributed to this slow-down.

In June 2019, the Central Bank of Russia ("CBR") cut the key rate by 25 basis points to 7.50%. Annual inflation slowed down to 5% in June.

Oil and gas prices remain key factors to the prospects of the Russian economy, representing the majority of exports and generating the bulk of federal budget revenues. Higher oil earnings impact positively on Russian consumer and investor sentiment, boosting domestic demand and consumption.

ENR monitors economic and political developments and investment opportunities (especially where there are potential lower entry valuations) mainly in Russia and potentially also in other member countries of the Commonwealth of Independent States and the Baltic States.

Geneva, 28 August 2019

ENR Russia Invest SA



Gustav Stenbolt  
Chairman



Ben de Bruyn  
Chief Executive Officer

## Economic and Political Review

### *Russian Federation*

Russia's economy slowed in the first half of the year and GDP grew by 0.5 % in the first quarter of 2019. Lower real disposable income and consumer demand (following an increase in the value-added tax rate from 18% to 20%), a decline in industrial production, retail sales, construction output and agricultural production contributed to this slow-down.

The CBR forecast that GDP growth will be in the 1.2% to 1.7% range for 2019, with an expansion towards the end of 2019 as a series of projects to improve infrastructure and services will be introduced. That is when Government plans to implement a number of national projects and increase government spending and investment. Wage growth could pick up over the coming months as public sector salaries are raised and labor market conditions tighten.

In June 2019, the Central Bank of Russia ("CBR") cut the key rate by 25 basis points to 7.50%. Annual inflation slowed down to 5% in June. The CBR lowered its year-end 2019 inflation forecast to a 4.2% to 4.7% range.

In February 2019 Moody's upgraded Russia's credit rating to Ba1 as government policies enacted over recent years to strengthen Russia's already robust public finances have had a positive effect on its ability to withstand external shocks.

Russia's sovereign bonds are now rated as investment grade by all three major rating agencies (Standard & Poor's and Fitch both designating them BBB ratings).

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.

### *Ukraine*

GDP in Ukraine grew by 0.30% in the first quarter of 2019. The economy lost momentum due to uncertainty from elections and slower growth of key trading partners. Expected monetary policy reform implemented faster than expected, could lead to more positive dynamics, with downside risks from political uncertainty, stalled International Monetary Fund ("IMF") negotiations and any reform rollback. Focus Economics forecast GDP growth of 2.7% in 2019. During May, inflation was 9.6%.

The Central Bank of Ukraine, during April, lowered the key rate by 0.5% to 17.5% and in left the rate unchanged in June.

In April, Mr. Volodymyr Zelenskiy won a convincing victory in Ukraine's presidential election, with 73% of the popular vote. Parliament was dismissed in June as President Zelenskiy set new parliamentary elections for late July where the

Servant of the People party obtained a sufficient majority to enable him to push through needed reform in parliament.

### *Kazakhstan*

Kazakhstan's GDP grew by 4% in the first five months of 2019 with expanding domestic demand amid rising wages and social compensations; increased investments in fixed capital; stronger industrial production and agricultural growth. Annual inflation slowed to 5.3 % in May. In June the National Bank of Kazakhstan maintained its base rate at 9%.

After 30 years in power, President Nursultan Nazarbayev resigned in March 2019. In June, Mr. Kassym-Jomart Tokayev, Chairman of the Senate and a former prime minister, was elected as the new president with more than 70% of the vote.

### *Belarus*

The Belarus economy slowed in the first five months of 2019 but still grew by 1%. The outlook for the medium term remains challenging, due to a combination of domestic structural rigidities and stagnating markets for manufacturing and agricultural exports.

Although macroeconomic indicators, such as inflation and the current account deficit, have improved from previous years, rising public debt, largely in foreign currency and bilateral trade relations pose risks to economic development. The IMF expects full year growth in 2019 of 1.8%.

The National Bank of the Republic of Belarus kept the refinance rate at 10% in May.

The new energy taxation system introduced by Russia could meaningfully reduce Belarus revenues from its oil refining industry, affecting the fiscal balance and reducing economic and export growth.

## Portfolio Investments

### *Petrovsky Fort*

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

The Petrovsky Fort business center 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 9 office levels and 2 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.

Vacancies decreased as the rental market in Saint-Petersburg improved during the first six months of 2019. There are ongoing capex improvement programs at the business center. A new look interactive website is in place ([www.petrofort.ru](http://www.petrofort.ru)); a new strategy to improve the mix of retail and service focused tenant businesses in the business center was implemented, overseen by a newly appointed head of these rental operations; a flagship bistro food hall & gastro-bar restaurant is planned to open before year-end 2019 and a potential redesign project of the atrium to optimize its use is being considered.

In the past tenant lease contracts were denominated in US\$, but paid in ruble. These contracts contained upper thresholds for the US\$ ruble exchange conversion ("ceiling"). Had it not been for the ceiling, a tenant would pay higher rental in ruble terms if the US\$ ruble exchange rate was higher than the ceiling ("extra amount"). As per accounting rules, the extra amount had to be accounted for as 'embedded derivatives' and

included as part of 'gross rental income,' and then separately deducted as part of the calculation to arrive at net rental income. This was done for the 2018 half-year period as there were US\$ denominated tenant contracts. From an economic perspective, the embedded derivatives did not represent actual rental income. Since 2019 most tenant lease contracts are denominated and paid in ruble and there are no longer ceiling thresholds in contracts. Consequently there is no more need for the embedded derivatives. This is why 'gross rental income' for the 2018 half-year period is higher compared to the same period in 2019, and where 'net rental income' is largely similar for both periods.

At 30 June 2019 the carrying value of Petrovsky Fort LLC was CHF 36.25 million. (see note 5.1)

### *Turgenevskya parking garage*

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. At 30 June 2019 the carrying value of the investment in the Turgenevskya parking garage was CHF 4.46 million. (see note 8)

### *Assets under development - Greater Moscow residential real estate project*

An ENR group company is participating in a real estate residential development for free standing multi-story apartment buildings in the Odintsovsky district, South-West of Moscow. The investment is regulated via an Agreement for the Participation in Shared Construction. At 30 June 2019 the carrying value of this investment was CHF 2.92 million. (see note 6).

### *Listed equities*

At 30 June 2019 the aggregate value of the shares in Russian electricity sector companies was CHF 2.04 million. (see note 4.1). The interest in Severstal GDR's (a vertically integrated steel and steel-related mining company with major assets in Russia) had a value of CHF 623,653 at 30 June 2019. (see note 4.1)

### *Transterm Holdings Cyprus Limited*

Transterm Holdings Cyprus Limited ("Transterm") via its subsidiaries used to operate the Batumi oil terminal in Adjara, Georgia on the Black Sea coast. It also provided oil and oil related product rail forwarding in Georgia to the Batumi oil terminal and transshipment and storage of these products at the port. In March 2008 Transterm sold all its Georgian based operations to the KazMunaiGas group. At 30 June 2019 the net book value of the Transterm investment was CHF 194,624 (see note 4.2) representing the likely remaining amount in future from Transterm cash distributions.

### *Possible Future Milestone Payments*

Possible future milestone payments represents the fair value of expected payments from Eastern Property Holdings Limited ("EPH") pursuant to a sale of EPH shares transaction in prior

years. EPH is a real estate investment and development company listed on SIX Swiss Exchange. At 30 June 2019 the fair value of remaining payments was CHF 97,348. (see note 4.1)

### *Fixed Income Investments*

VTB group is one of the largest banking and financial services groups in Russia. At 30 June 2019 the interest in fixed income instruments issued by this group was valued at CHF 2.98 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. At 30 June 2019 the interest in fixed income instruments of the Gazprom group was valued at 2.07 million. Sberbank is the largest bank in Russia and Commonwealth of Independent States. At 30 June 2019 the interest in the fixed income instruments of the Sberbank group was valued at CHF 1.54 million.

Vnesheconombank is a state-owned bank. At 30 June 2019 the interest in fixed income instruments of this group was valued at CHF 1 million. Moscow Domodedovo airport is the largest air hub in Russia. At 30 June 2019 the interest in fixed income instruments issued by this group was valued at CHF 488,558. Petropavlovsk is a large producer of gold in Russia. At 30 June 2019 the interest in fixed income instruments of this group was valued at CHF 622,737. Lukoil is a vertically integrated Russian oil and gas group. At 30 June 2019 the interest in fixed income instruments issued by this group was valued at CHF 2.02 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 2019 the interest in fixed income instruments issued by this group was valued at CHF 1.05 million.

## Financial Statements

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

(Currency - CHF)

	Note	30.06.2019	31.12.2018
<b>Assets</b>			
<b>Current Assets</b>			
Cash and cash equivalents	7	1,854,344	1,830,568
Accounts receivable and accrued interest	8	286,722	639,728
Financial assets at fair value	4.1; 16	97,348	98,448
Investments at fair value through profit or loss	4.1; 16	17,887,279	16,841,548
Forward foreign currency exchange contracts	4.1; 16	-	51,120
<b>Total Current Assets</b>		<b>20,125,693</b>	<b>19,461,412</b>
<b>Non-Current Assets</b>			
Accounts receivable and accrued interest	8	4,176,321	3,417,370
Assets under development	6	2,924,250	2,479,750
Investment property	5.1; 16	36,245,040	33,180,285
Deferred tax assets, net	10.4	773,395	767,003
Goodwill	11	2,113,065	1,939,257
<b>Total Non-Current Assets</b>		<b>46,232,071</b>	<b>41,783,665</b>
<b>Total assets</b>		<b>66,357,764</b>	<b>61,245,077</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Accounts payable and accrued expenses	10.2	4,579,392	4,339,395
Loans from banks	10.1	562,741	427,801
Income tax liabilities	10.4	15,315	15,880
Other current liabilities	13	272,221	333,692
<b>Total Current Liabilities</b>		<b>5,429,669</b>	<b>5,116,768</b>
<b>Non-Current Liabilities</b>			
Loan from bank	10.1	13,454,906	13,832,221
Financial lease liabilities: Investment property	10.3	1,715,762	1,577,545
Provisions	10.5	268,093	246,041
<b>Total Non-Current Liabilities</b>		<b>15,438,761</b>	<b>15,655,807</b>
<b>Total liabilities</b>		<b>20,868,430</b>	<b>20,772,575</b>
<b>Shareholders' Equity</b>			
Share capital	12.1	32,790,585	32,790,585
Capital paid in excess of par value (share premium)	12.1	31,922,676	75,447,951
Treasury stock	12.2	-2,370,696	-2,370,696
Accumulated deficit	12.1	-12,917,098	-59,981,744
Cumulative translation adjustment	12.3	-3,936,133	-5,413,594
<b>Total shareholders' equity</b>		<b>45,489,334</b>	<b>40,472,502</b>
<b>Total liabilities and shareholders' equity</b>		<b>66,357,764</b>	<b>61,245,077</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

The notes on pages 14 to 37 are an integral part of these interim unaudited consolidated financial statements.

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

(Currency - CHF)

	Note	1.1.-30.06.2019	1.1.-30.06.2018
<b>Gross rental income</b>	<b>5.2</b>	<b>1,906,341</b>	<b>3,359,046</b>
Rental Income	5.2	1,906,341	2,014,336
Impact of embedded derivatives on rental income	5.2	-	1,344,710
Operating cost, land lease and tax	5.2	-920,247	-774,545
<b>Net rental income</b>	<b>5.2</b>	<b>986,094</b>	<b>2,584,501</b>
Net result from foreign currency impact on investment property	5.1	2,280,171	-428,705
Interest income		373,851	458,040
Dividend income		61,371	-
Realised and unrealised profit /(loss) on investments through profit or loss, net	4; 4.1	1,058,684	-524,302
Realised and unrealised (loss) on forward foreign exchange contracts, net	4; 4.1	-51,120	-196,835
Foreign exchange result	15	-288,581	254,843
<b>Expenses</b>			
Finance cost	5.5.2	414,031	800,648
Management fees	14.1	331,185	366,951
Staff remuneration	14.2	357,010	360,946
Professional fees	17.1	109,720	152,717
Legal fees	17.2	11,660	26,866
Other expenses	17.3	83,286	137,225
Directors' fees and expenses		83,333	100,000
Audit fees		52,307	66,291
Information technology and related *	17.4	23,492	30,616
Administrative costs *	17.5	31,046	38,459
Travel expenses		11,549	24,980
Tax other than on income		-	10,023
<b>Total expenses</b>		<b>1,508,619</b>	<b>2,115,722</b>
Release of impairment	9	644,848	-
<b>Gain for the year before taxes</b>		<b>3,556,699</b>	<b>31,820</b>
Taxes		-17,328	-150,897
<b>Gain / (Loss) for the year after taxes</b>		<b>3,539,371</b>	<b>-119,077</b>
<b>Attributable to</b>			
Equity holders of the Company		3,539,371	-119,077
<b>Other comprehensive income</b>			
Cumulative translation adjustment (net of tax) **			
whereof related to fully consolidated subsidiaries (see "Consolidated changes in Equity" (page 13))		1,477,461	-1,213,626
<b>Total comprehensive profit for the year (net of tax)</b>		<b>5,016,832</b>	<b>-1,332,703</b>
<b>Attributable to</b>			
Equity holders of the Company		5,016,832	-1,332,703
Earnings per share for profit attributable to equity holders during the period		1.1.-30.06.2019	1.1.-30.06.2018
Time-weighted average number of outstanding shares		2,574,234	2,574,234
Basic earnings per share (in CHF)		1.375	-0.046
Diluted earnings per share (in CHF)		1.375	-0.046

\* In 2018, the full year consolidated statement of income and losses was enhanced by adding new descriptive lines and 2017 balances were adjusted accordingly. The same applies for the above half year periods (see notes 5.5.2, 13, 17.1, 17.2, 17.3, 17.4 and 17.5)

The notes on pages 14 to 37 are an integral part of these interim unaudited consolidated financial statements.

\*\* 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)

	30.06.2019	30.06.2018
<b>Cash Flows from Operating Activities</b>		
Gain before tax	3,556,699	31,820
<b>Adjustments for:</b>		
Impairment on other investments accounted for under the equity method	-	-
Impairment / (release of Impairment)	- 644,848	-
Realised and unrealised result on investments through profit or loss, including exchange profit / (loss)	- 1,925,190	767,280
Increase / (decrease) negative replacement values	-	- 295,010
Realised and unrealised result on forward foreign exchange contracts	51,120	- 186,010
(Loss)/gain on embedded derivatives (liability)	-	1,684,499
Fair value change on investment property, including embedded derivatives *	- 3,908,603	- 2,257,831
Other non-cash income and expenses	2,325,795	- 1,871,643
<b>Operating profit / (loss) before working capital changes</b>	<b>- 545,027</b>	<b>- 1,831,885</b>
<b>Movement in working capital:</b>		
Investment portfolio movement, net	731,935	- 1,003,076
(Increase) / decrease other financial assets at fair value	1,100	-
Change in accounts receivable and accrued interest	- 38,384	385,729
Change in accounts payable and accrued expenses	142,225	121,855
Change in other assets	- 6	- 18
Release / (Increase) in provisions	-	-
Change in deferred taxes	- 1,058	- 4,984
Taxes paid	- 103,370	-
<b>Net cash flow from operating activities</b>	<b>187,415</b>	<b>- 2,332,379</b>
<b>Cash Flows from Investing Activities</b>		
Investments in investment property	- 93,766	- 197,086
Acquisition of subsidiaries and business activities	-	-
Sale of other investments accounted for under the equity method	-	-
Interest received	373,851	458,040
Dividends received	61,371	-
<b>Net cash flow from / (used in) investing activities</b>	<b>341,456</b>	<b>260,954</b>
<b>Cash Flows from Financing Activities</b>		
(Decrease) / increase in long term debts	315,599	-
Loans repaid	- 481,517	1,166,186
Interest paid	- 287,698	- 651,271
<b>Net cash flow from / (used in) financing activities</b>	<b>- 453,616</b>	<b>514,915</b>
Foreign currency translation effects on cash and cash equivalents	- 51,479	155,488
<b>Net change in cash and cash equivalents</b>	<b>23,776</b>	<b>- 1,401,022</b>
Cash and cash equivalents at beginning of the period	1,830,568	2,658,685
Cash and cash equivalents at the end of the period	1,854,344	1,257,663

\* Embedded derivatives are included for the period ended 30 June 2018. For 2019, embedded derivatives do not apply anymore, for further information please refer to note 5.2.

The notes on pages 14 to 37 are an integral part of these interim unaudited consolidated financial statements.

## 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 2018</b>	<b>32,790,585</b>	<b>75,447,951</b>	<b>-2,370,696</b>	<b>-1,924,021</b>	<b>-55,544,744</b>	<b>48,399,075</b>	<b>-</b>	<b>48,399,075</b>
Other movements	-	-	-	-	1,967	1,967	-	1,967
Profit for the year after tax	-	-	-	-	-4,438,967	-4,438,967	-	-4,438,967
Other comprehensive income / (loss)	-	-	-	-3,489,573*	-	-3,489,573	-	-3,489,573
Total comprehensive (loss) for the year	-	-	-	-3,489,573	-4,437,000	-7,926,573	-	-7,926,573
<b>Balance as at 31 December 2018</b>	<b>32,790,585</b>	<b>75,447,951</b>	<b>-2,370,696</b>	<b>-5,413,594</b>	<b>-59,981,744</b>	<b>40,472,502</b>	<b>-</b>	<b>40,472,502</b>
<b>Balance as at 1 January 2019</b>	<b>32,790,585</b>	<b>75,447,951</b>	<b>-2,370,696</b>	<b>-5,413,594</b>	<b>-59,981,744</b>	<b>40,472,502</b>	<b>-</b>	<b>40,472,502</b>
Other movements **	-	-43,525,275	-	-	43,525,275	-	-	-
Profit for the year after tax	-	-	-	-	3,539,371	3,539,371	-	3,539,371
Other comprehensive income / (loss)	-	-	-	1,477,461*	-	1,477,461	-	1,477,461
Total comprehensive income for the year	-	-43,525,275	-	1,477,461	47,064,646	5,016,832	-	5,016,832
<b>Balance as at 30 June 2019</b>	<b>32,790,585</b>	<b>31,922,676</b>	<b>-2,370,696</b>	<b>-3,936,133</b>	<b>-12,917,098</b>	<b>45,489,334</b>	<b>-</b>	<b>45,489,334</b>

\* 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.

\*\* See note 12.1 on page 32 of these interim unaudited semi-annual consolidated financial statements.  
The notes on pages 14 to 37 are an integral part of these interim unaudited consolidated financial statements.

## Condensed notes to the consolidated unaudited interim financial statements as of 30 June 2019 (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 SIX-listed and trading under Swiss security number 3447695 with ISIN number of the shares CH0034476959. The ticker symbol of the shares is RUS. These condensed interim financial statements have been approved by the Board of Directors on 27 August 2019.

### *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 2019 of the Company and its subsidiaries (collectively "ENR" or 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 2018, 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 2018, except as stated below or for the adoption of new standards effective as of 1 January 2019.

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

Except for the changes below, the Group has consistently applied the accounting policies to all periods presented in these consolidated financial statements.

### 3.1 IFRS 16: Leases

In January 2016, the IASB issued IFRS 16 Leases, which replaces IAS 17, IFRIC 4, SIC-15 and SIC-27 and is applicable for annual reporting periods beginning on or after 1 January 2019. IFRS 16 Leases sets out the principles for the recognition, measurement, presentation and disclosure of leases. IFRS 16 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. The lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17 Leases. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and accounts for those two types of leases in different ways.

ENR applied IFRS 16 with a date of initial application of 1 January 2019. Its accounting policy for lease contracts is as detailed below. ENR applied IFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings as of 1 January 2019.

#### *A. Definition of a lease*

Previously ENR determined at contract inception whether an arrangement is or contains a lease under IFRIC 4. Under IFRS 16, ENR assesses whether a contract is or contains a lease based on the definition of a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, ENR assesses whether:

- the contract involves the use of an identified asset, which may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset;
- ENR has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use;
- set;
- ENR has the right to operate the asset; or
- ENR designed the asset in a way that predetermines how and for what purpose it will be used.

## *B. As a lessee*

As a lessee, ENR previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to ENR. Under IFRS 16, ENR recognises right-of-use assets and lease liabilities for most leases, i.e. these leases are on-balance sheet.

ENR decided to apply recognition exemptions to short-term leases of machinery and leases of IT equipment. For leases of other assets, which were classified as operating under IAS 17, ENR recognised right-of-use assets and lease liabilities.

### *i. Leases classified as operating leases under IAS 17*

At transition, lease liabilities were measured at the present value of the remaining lease payments, discounted at ENR's incremental borrowing rate as at 1 January 2019. Right-of-use assets are measured at either:

- their carrying amount as if IFRS 16 had been applied since the commencement date, discounted using the lessee's incremental borrowing rate at the date of initial application; or
- an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.

ENR used the following practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17:

- Applied a single discount rate to a portfolio of leases with similar characteristics.
- Adjusted the right-of-use assets by the amount of IAS 37 onerous contract provision immediately before the date of initial application, as an alternative to an impairment review.
- Applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term.
- Excluded initial direct costs from measuring the right-of-use asset at the date of initial application.
- Used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

### *ii. Leases previously classified as finance leases*

For leases that were classified as finance leases under IAS 17, the carrying amount of the right-of-use asset and the lease liability at 1 January 2019 are determined at the carrying amount of the lease asset and lease liability under IAS 17 immediately before that date.

### *C. As a lessor*

ENR is not required to make any adjustments on transition to IFRS 16 for leases in which it acts as a lessor. ENR accounted for its leases in accordance with IFRS 16 from the date of initial application.

ENR applied IFRS 15 Revenue from Contracts with Customers to allocate consideration in the contract to each lease and non-lease component.

### *D. Impacts on financial statements*

The transition from IAS 17 to IFRS 16 have no impact on the ENR consolidated financial statements.

#### 3.3 Other new standards and interpretations

The following new or revised standards and interpretations had no material effect on ENR at the time of their first application or were of no significance for ENR:

- IFRIC 23 Uncertainty over Tax Treatments.
- Long-term Interests in Associates and Joint Ventures (Amendments to IAS 28).
- Plan Amendment, Curtailment or Settlement (Amendments to IAS 19).
- Annual Improvements to IFRS Standards 2015 - 2017 Cycle – various standards.

#### 3.4 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:

	30.06.2019	30.06.2019	30.06.2018	30.06.2018
	Balance Sheet date rates	Annual average rates	Balance Sheet date rates	Annual average rates
EUR	1.10934	1.12718	1.15714	1.16526
USD	0.97400	0.99708	0.99325	0.96530
RUB	0.01544	0.01538	0.01585	0.01626



#### 4. Investment portfolio

in CHF

	30.06.2019	31.12.2018
<b>Fair value of trading portfolio assets at beginning of the period</b>	<b>16,991,116</b>	<b>20,418,512</b>
<b>Investment Portfolio Movement for the Period</b>		
Purchase of investments	-	3,635,430
Sale of investments	- 12,952	- 5,587,523
Net realised (loss) on disposal of investments	- 254	- 467,113
Movement in the period of forward foreign exchange contracts	-	326,845
<b>Net investment portfolio movement for the period</b>	<b>- 13,206</b>	<b>- 2,092,361</b>
Increase / (decrease) in fair value	1,006,717	- 1,335,035
<b>Fair value of portfolio at the end of the period</b>	<b>17,984,627</b>	<b>16,991,117</b>
- of which financial assets at fair value	97,348	98,448
- of which investments at fair value through profit or loss	17,887,279	16,841,548
- of which forward foreign currency exchange contracts	-	51,120
<b>The investment portfolio is represented as follows on the balance sheet:</b>		
<b>Designated as Fair Value Through Profit or Loss:</b>		
Listed equity securities and bonds held for trading	14,439,471	13,354,802
Unlisted equity securities and fixed income instruments held for trading	3,447,808	3,486,746
Financial assets at fair value	97,348	98,448
<b>Total designated as fair value through profit or loss</b>	<b>17,984,627</b>	<b>16,939,996</b>
<b>Total financial assets at fair value through profit or loss</b>	<b>17,984,627</b>	<b>16,939,996</b>
<b>Derivatives held for trading:</b>		
Forward foreign exchange contracts	-	51,120
<b>Total derivatives</b>	<b>-</b>	<b>51,120</b>
<b>Profit / (Loss) on investments at fair value through profit or loss</b>		
Net (loss) and foreign exchange impact	- 254	- 182,639
Changes in fair value increase / (decrease) and foreign exchange impact	1,058,938	- 1,235,756
<b>Total</b>	<b>1,058,684</b>	<b>- 1,418,395</b>
<b>(Loss) recognised on derivatives</b>		
Net realised (loss) and foreign exchange impact	-	- 352,065
(Decrease) / increase in fair value and foreign exchange impact	- 51,120	- 57,880
<b>Total</b>	<b>- 51,120</b>	<b>- 409,945</b>

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

Balance as of 01.01.2019

Listed equity securities	Quantity	CHF
FEDERAL GRID COMPANY OF UES OJSC	10,173,273	21,253
RUSHYDRO PJSC	37,325,615	256,517
INTER RAO UES PJSC	10,895,499	599,729
ROSSETI PJSC	20,900,000	226,200
INTERREGIONAL DISTRIBUTION GRID COMPANY OF VOLGA HOLDING PREFERENCE SHARES	6,400,000	125,150
MOSENERGO PJSC	50	1
MOSCOW UNITED ELECTRIC GRID	12,313,327	114,546
QUADRA POWER GENERATION PJSC	23,263,819	934
TGC-1 PJSC	927,579,908	103,915
TGC-2 OJSC	314,979,184	10,243
VOLZHSKAYA TERRITORIAL GEN CO	297,994	2,027
SEVERSTAL PAO	38,000	510,920
<b>Sub-total: Listed equity securities</b>		<b>1,971,435</b>
<b>Fixed income</b>		
LUKOIL INTL FIN BV 4.563%, 04/2023, BOND	1,000,000	970,226
GAZ CAPITAL SA 4.95%, 07/2022, BOND	1,000,000	992,387
VTB Capital SA 5% , 24.10.2024, BOND	900,000	916,651
DME AIRPORT Ltd 5.075%,02/2023, BOND	500,000	464,920
SB CAPITAL SA 5.717%, 06/2021, BOND	500,000	491,515
SB CAPITAL SA 6.125%, 02/2022, BOND	1,000,000	1,010,315
LUKOIL INTL FINANCE 6.125%, 11/2020, BOND	1,000,000	1,014,648
GAZ CAPITAL SA 6.51%, 03/2022, BOND	1,000,000	1,028,340
VTB CAPITAL SA 6.551%, 10/2020, BOND	1,000,000	1,010,609
MMC NORILSK NICKEL 6.625%, 10/2022, BOND	1,000,000	1,033,264
VEB FIN PLC 6.902%, 10/2020, BOND	1,000,000	1,004,995
PETROPAVLOVSK 9%, 03/2020, BOND	592,000	517,922
VTB EURASIA LIMITED 9.5 % , (perpetual), BOND	1,000,000	927,575
<b>Sub-total: Fixed income</b>		<b>11,383,367</b>
<b>Private equity</b>		
TRANSTERM HOLDINGS CYPRUS LTD - ordinary shares	9,310,000	3,486,746
<b>Sub-total: Private equity</b>		<b>3,486,746</b>
<b>Total investments at fair value through profit and loss</b>		<b>16,841,548</b>
<b>RECEIVABLES: POTENTIAL FURTHER MILESTONE PAYMENTS (EASTERN PROPERTY HOLDINGS LTD SHARES SALE)</b>		
Non-Current assets	-	98,448
<b>Total unlisted investments at fair value through profit and loss</b>		<b>98,448</b>
<b>CURRENT LIABILITIES</b>		
FORWARD FOREIGN EXCHANGE CONTRACTS	-	51,120
<b>Total derivative financial instruments</b>		<b>51,120</b>
<b>Total investments</b>		<b>16,991,116</b>

Movement in period (CHF)		Realised (CHF)		Changes in fair value (CHF)		Balance as of 30.06.2019	
Purchases and Additions	Sales, Redemptions and Withdrawals	Gains	Losses	Gains	Losses	Quantity	CHF
-	-	-	-	10,555	-	10,173,273	31,808
-	-	-	-	89,498	-	37,325,615	346,015
-	-	-	-	162,169	-	6,822,874	761,898
-	-	-	-	219,120	-	20,900,000	445,320
-	-	-	-	40,070	-	6,400,000	165,220
-	-1	-	-	-	-	50	-
-	-	-	-	22,719	-	12,313,327	137,265
-	-1,187	253	-	-	-	23,263,819	-
-	-	-	-	46,464	-	927,579,908	150,379
-	-11,765	1,522	-	-	-	314,979,184	-
-	-	-	-2,027	-	-	228,739	-
-	-	-	-	112,733	-	38,000	623,653
-	-12,953	1,775	-2,027	703,328	-	-	2,661,558
-	-	-	-	39,617	-	1,000,000	1,009,843
-	-	-	-	27,781	-	1,000,000	1,020,168
-	-	-	-	3,149	-	900,000	919,800
-	-	-	-	23,638	-	500,000	488,558
-	-	-	-	14,235	-	500,000	505,750
-	-	-	-	22,515	-	1,000,000	1,032,830
-	-	-	-	-	-1,785	1,000,000	1,012,863
-	-	-	-	23,385	-	1,000,000	1,051,725
-	-	-	-	2,448	-	1,000,000	1,013,057
-	-	-	-	22,552	-	1,000,000	1,055,816
-	-	-	-	-	-2,750	1,000,000	1,002,245
-	-	-	-	104,815	-	592,000	622,737
-	-	-	-	114,946	-	1,000,000	1,042,521
-	-	-	-	399,081	-4,535	-	11,777,913
-	-	-	-	-	-38,938	9,310,000	3,447,808
-	-	-	-	-	-38,938	-	3,447,808
-	-12,953	1,775	-2,027	1,102,409	-43,473	-	17,887,279
-	-	-	-	-	-1,100	-	97,348
-	-	-	-	-	-1,100	-	97,348
-9,821,120	9,821,120	-	-	-	-51,120	-	-
-9,821,120	9,821,120	-	-	-	-51,120	-	-
-9,821,120	9,808,167	1,775	-2,027	1,102,409	-95,693	-	17,984,627

#### 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 the 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 2019, the net book value attributable to Transterm was CHF 194'624 (31 December 2018: CHF 196'822), being the CHF equivalent of the amount ENR could still receive in future distributions from Transterm. The valuation of the investment in Transterm bears inherent uncertainties due to the absence of a liquid market. Realisation of these proceeds is uncertain and depends on future developments which may materially impact expected amounts. Therefore, 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 2019 and at year-end 2018:

in CHF

	30.06.2019	31.12.2018
Carrying value at the beginning of the period (gross)	3,486,746	3,452,410
Non-repayable loans received in prior periods	- 3,289,924	- 3,257,527
Carrying value at the beginning of the period (net)	196,822	194,883
Unrealised gain / (loss) due to foreign exchange movements	38,938	- 34,336
Carrying value at the end of the period (gross)	3,447,808	3,486,746
Non-repayable loans received (in current and prior periods)	- 3,253,184	- 3,289,924
Carrying value at the end of the period (net)	194,624	196,822

#### 4.3 Fixed income instruments

ENR has acquired a range of local and foreign currency 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 2019, the aggregate fair value attributed to fixed income instruments was CHF 11.77 million (31 December 2018: CHF 11.38 million).

#### 4.4 Listed equities

ENR holds shares in electricity companies covering a range of market and geographical segments in the Russian electricity sector. At 30 June 2019, the aggregate value of these shares was CHF 2.04 million (31 December 2018: CHF 1.46 million). ENR also has GDR's in Severstal, a vertically integrated steel and steel-related mining company with major assets in Russia, which had a value of CHF 623,653 at 30 June 2019 (31 December 2018 : CHF 510,920).

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

At 30 June 2019, the book value of further amounts which ENR may receive from the sale of its shares in Eastern Property Holdings Limited ("EPH") in several tranches over the coming years ("Possible Future Milestone Payments") was CHF 97,348 (31 December 2018 : CHF 98,448). As the realisation of 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 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	Embedded Derivatives	Investment Property Financial Lease	Total
Opening balance at 1 January 2018	33,274,335	1,751,304	1,813,795	36,839,434
Investments	1,063,348	-	52,157	1,115,505
Fair value adjustments including foreign currency effects	1,393,121	-1,751,304	10,212	-347,971
Foreign exchange translation differences	-4,128,063	-	-298,620	-4,426,683
Carrying amount at 31 December 2018	31,602,741	-	1,577,544	33,180,285
Opening balance at 1 January 2019	31,602,741	-	1,577,544	33,180,285
Investments	93,766	-	-	93,766
Fair value adjustments	-	-	-3,161	-3,161
Foreign exchange translation differences	2,832,772	-	141,378	2,974,150
Carrying amount at 30 June 2019	34,529,279	-	1,715,761	36,245,040
Carrying amount at 31 December 2018	31,602,741	-	1,577,544	33,180,285
Net carrying amount at 30 June 2019	34,529,279	-	1,715,761	36,245,040

As no operating lease contracts (both in number of contracts and in value) remain in US\$, it is no longer required to recognise embedded derivatives as assets or liabilities on the balance sheet, i.e. this is also not reflected anymore for 2019 and thus not shown in the table above); for further information, please refer to note 5.2.

The following table illustrates the impact of movements during the period relating to the investment property on the statement of comprehensive income and losses.

in CHF

	1.1.-30.06.2019	1.1.-30.06.2018
Fair value adjustment on investment property buildings	-	2,563,231
Fair value adjustment of embedded derivative (asset)	-	-305,400
Fair value adjustment of investment property financial lease	-4,137	-
Result from foreign exchange translation of banking loan for investment property, including effect of embedded derivatives *	2,284,308	-2,686,536
<b>Total fair value change on investment property as presented in the income statement</b>	<b>2,280,171</b>	<b>-428,705</b>

\* Embedded derivatives are included for the period ended 30 June 2018. For 2019, embedded derivatives do not apply anymore, for further information please refer to note 5.2.

## 5.2 Gross and net rental income

The breakdown of rental income for the half years ending 30 June 2019 and 2018, respectively, is presented below:

in CHF

	1.1.-30.06.2019	1.1.-30.06.2018
<b>Gross rental income</b>	<b>1,906,341</b>	<b>3,359,046</b>
Rental Income	1,906,341	2,014,336
Impact of embedded derivatives on rental income	-	1,344,710
<b>Operating cost, land lease and tax expenses</b>	<b>-920,247</b>	<b>-774,545</b>
Land lease expenses	-100,474	-
Operating expenses	-645,162	-556,690
Property tax and non-recoverable VAT	-174,611	-218,855
<b>Net rental income</b>	<b>986,094</b>	<b>2,584,501</b>

In past periods, Petrovsky Fort LLC entered into operating lease contracts with tenants at the business center where rental payments were denominated in US\$, subject to floor and ceiling arrangements against the ruble. The inherent put and call options were included in the host lease contracts. In these years, (also for the comparable half year period in 2018) when the US\$ lease contracts were material, it was necessary to gross-up rental income with embedded derivatives (i.e. the part of rental in excess of a ceiling due to currency conversions mechanism in US\$ lease contracts). This is why gross rental income for the half year ended 30 June 2018 is comparatively higher than for the period ending 30 June 2019. As there are no longer US\$ based operating lease contracts with tenants at Petrovsky Fort in 2019 (these contracts are now ruble based), there are no longer embedded derivatives linked to these lease contracts. Consequently, there is no longer any gross up of rental income in 2019 due to embedded derivatives.

As of 2018, land lease expenses are included in finance costs in the condensed interim consolidated statement of comprehensive income.

## 5.3 Description

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. See also [www.petrofort.ru/en/](http://www.petrofort.ru/en/).

## 5.4 Vacancies

As of 30 June 2019, the vacancy rate as a percentage of total rentable area of the building was 16.91% (31 December 2018: 24.42%) and by use for office space was 12% (31 December 2018: 25.10%) and for retail space 29.93% (31 December 2018: 29.93%).

## 5.5 Value and Valuation Method

The carrying value of the investment property represents the fair value plus the adjustment for land lease liabilities with respect to rent payments to the city of Saint-Petersburg for the long-term land lease of the land of Petrovsky Fort business center. At 30 June 2019, the carrying value was CHF 36.25 million (see note 5.1; at 31 December 2018: CHF 33.18).

At year-end 2018, an independent third party valuator performed a valuation using the yield method (within the income approach), where anticipated future cash flow benefits in the form of rental income were converted into present value. This approach requires an estimate of future benefits and the application of investor yield or return requirements. One approach to value the property on this basis is to capitalise net rental income on the basis of an Equivalent Yield, which represents the overall rate of return on a reversionary investment and is, therefore, the weighted average yield, reflecting the rent change and term length, adjusted for any factors not included in net rental income, such as vacancy, lease incentives, refurbishment, etc.

For the half-year 2019, there was no independent third party valuation. ENR determined the fair value of the investment property based on the income approach, using the discounted cash flow method. This approach requires an estimate of the future cash benefits (having taken account of factors such as vacancies, lease incentives and refurbishment costs) and the application of return requirements, a discount rate and a potential future exit value (see table below for key unobservable inputs). 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.

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

in RUB

Property	Fair value as of 30 June 2019	Valuation technique	Key unobservable inputs	
Petrovsky Fort	2,236,352,192	Discounted Cash Flow Income capitalisation	ERV*	11,500
			Discount rate	14.75%
			Capitalisation rate	11.25%

in RUB

Property	Fair value as of 31 December 2018	Valuation technique	Key unobservable inputs	
Petrovsky Fort	2,228,884,000	Income capitalisation	ERV*	11,122
			Discount rate	14.75%
			Capitalisation rate	11.25%

\* Estimated rental income per square meter, at 30 June 2019, was Rub 11,500 (31 December 2018: Rub 11,122).

### 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.-30.06.2019	1.1.-30.06.2018
UniCreditbank interest payments	284,548	762,320
Income from commissions and service fee business	110,738	-
Other bank interest, fees and charges	18,745	38,328
<b>Total</b>	<b>414,031</b>	<b>800,648</b>

The Finance costs as of 30 June 2019 are presented after reclassification of CHF 38,328 shown in Other expenses in the interim unaudited consolidated statement of comprehensive income and losses.

### 6. Assets under Development: non-current assets

in CHF

	30.06.2019	31.12.2018
Beginning of the period	2,479,750	5,921,441
Additional investments	-	-
Impairment	-	-2,479,750
Currency translation effects	444,500	-961,941
<b>End of the period</b>	<b>2,924,250</b>	<b>2,479,750</b>

ENR is participating in a residential real estate development comprising free standing multi-story apartment buildings in the Odintsovsky district south-west of Moscow. The investment is regulated via an agreement for the participation in the shared construction. After construction commenced, the allowable maximum height of buildings was amended by local authorities (from 12 to 6 floor buildings) and delays arose. Consequently, development deadlines could not be met as the developer had to reassess the scope of the development, prepare new plans and has to obtain new approvals and permits to restart construction. Due to changes in Russian legislation governing Russian residential real estate development projects, there are more capitalisation requirements for developers, and the developer is in discussions with potential third party investors to co-invest in the development. The developer is in discussion with banks' to provide debt funding towards the development. A number of legal cases arising from development delays involving, inter alia, utility connections were resolved (remaining matters linked to land lease and land tax payments are still in process). Although progress has been made, it will take more time to deal with the various matters. No impairment was required as of 30 June 2019. As the completion of the development will be in more than 12 months, Assets under Development are shown as non-current assets.

### 7. 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

	30.06.2019	31.12.2018
Cash at bank and in hand	1,854,344	1,830,568
<b>Cash and cash equivalents</b>	<b>1,854,344</b>	<b>1,830,568</b>

*8. Accounts receivable and accrued interest: current assets and non-current assets, Other investments accounted for under the equity method.*

in CHF

	30.06.2019	31.12.2018
Loans to Inkonika (Turgenevskaya parking)	4,049,986	3,578,372
Accrued interest	37,800	102,938
Other	375,257	375,788
<b>Total accounts receivable and accrued interest</b>	<b>4,463,043</b>	<b>4,057,098</b>
whereof current assets	286,722	639,728
whereof non-current assets	4,176,321	3,417,370

The Group has a 50% interest in the associate company Vestive Limited, which owns the Turgenevskaya parking garage in Moscow via its wholly owned subsidiary, Inkonika LLC. There are a number of loans provided to Vestive Limited and to Inkonika LLC. These loans are treated as loans and receivables and were initially recognised on acquisition in 2017 at fair value (based on the transaction price) on the balance sheet. At 30 June 2019, the value of those loans and receivables have been assessed with reference to the net asset value of Vestive Limited, which is mainly dependant of the value of Turgenevskaya parking garage. The latter was increased from USD 8.36 million (31 December 2018) to USD 9.21 million as of 30 June 2019.

#### Turgenevskaya parking garage

As described above, the Group acquired (in July 2017) a 50% equity interest in Vestive Limited. As per the Vestive Limited shareholders' agreement, at least one of the two 25% shareholders has to approve a number of protected shareholder measures. Therefore, the Group does not fully control Vestive Limited, which is treated thus as an associate and accounted for under the equity method. However, if an investor's share of losses of an associate equals or exceeds its interest in the associate, i.e. the particular associate, has a negative equity, the investor discontinues recognising its share of further losses. The interest in an associate is the carrying amount of the investment in the associate under the equity method together with any long-term interests that, in substance, form part of the investor's net investment in the associate. As ENR as an investor has not incurred legal or constructive obligations or made payments on behalf of the associate, no provisions were required. The following table summarises these other investments with negative equity accounted for under the equity method (i.e. the investment in Vestive Limited) for information purposes as the Group does have an equity interest in this associated company – the impact on the Group's financial statements, however, is reduced to the valuation of the long-term loans as described above.

in CHF

	30.06.2019	31.12.2018
Revenue	288,113	512,962
Income / (Loss) from continued operations	774,871	- 1,284,997
Other comprehensive income	-	-
Total comprehensive income / (loss)	774,871	- 1,284,997
Short-term assets	184,555	239,399
Long-term assets	8,982,233	8,234,184
Short-term liabilities	45,587,975	42,538,615
Long-term liabilities	-	74,107
Shareholder's equity at 1 January	- 34,139,139	- 30,977,139
Income / (loss) for the current year	774,871	- 1,284,997
Currency effects	- 3,056,919	- 1,877,003
Total shareholder's equity	- 36,421,187	- 34,139,139
Proportion of the Group's ownership *	50%	50%
Group's share of equity	- 18,210,594	- 17,069,570
Unrecognized Group's share of equity	- 18,210,594	- 17,069,570
Carrying amount of the investment	-	-

\* At 30 June 2019 and 31 December 2018, the table shows the Group's 50% interest in Vestive Limited

## 9. Release of impairment

in CHF

	1.1.-30.06.2019	1.1.-30.06.2018
Release of impairment on loan values	612,960	-
Other release of impairment	31,888	-
Total release of impairment	644,848	-

At 30 June 2019, the valuation of Turgenevskaya has increased, as a result, the Group adjusted the amortised cost of the loans to Vestive Limited and reversed impairments on the loan values by CHF 611,892.

## 10. Liabilities

### 10.1 Loans from banks

in CHF

	30.06.2019	31.12.2018
Balance at beginning of period - UniCreditbank loan	14,195,361	14,403,962
Quarterly loan repayments	- 105,978	- 419,906
Foreign exchange translation differences	- 215,104	211,305
Balance at the end of period - UniCreditbank loan	13,874,279	14,195,361
Balance at beginning of period - UniCreditbank accrued interest	64,662	217,813
Movement during the year	82,443	- 138,967
Foreign exchange translation differences	- 3,737	- 14,185
Balance at the end of period - UniCreditbank accrued interest	143,368	64,661
Balance at the end of the period	14,017,647	14,260,022
of which in current liabilities	562,741	427,801
of which in non-current liabilities	13,454,906	13,832,221

The US\$ loan from UniCreditbank to Stainfield Limited, a wholly owned ENR subsidiary, was refinanced with UniCreditbank on 14 December 2018. It is now a Euro loan with 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 quarterly; Amortisation of Euro 94,410 per quarter; Final principal balance repayment of € 10,81 million. At 30 June 2019 (and at date of Petrovsky Fort acquisition), Petrovsky Fort LLC had registered one mortgage on the building which served as part of the collateral for the loan from UniCreditbank.

## 10.2 Accounts Payable and Accrued Expenses: current liabilities

in CHF

	30.06.2019	31.12.2018
Transterm Holdings Cyprus Ltd (note 4.2)	3,253,184	3,289,924
Other creditors	487,778	1,049,471
Other accrued expenses and deferred income	838,430	-
<b>Balance at the end of the period</b>	<b>4,579,392</b>	<b>4,339,395</b>
whereof current liabilities	4,579,392	4,339,395
whereof non-current liabilities	-	-

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

in CHF

	30.06.2019	31.12.2018
<b>Financial lease liabilities: non-current</b>	<b>1,715,762</b>	<b>1,577,545</b>
Financial Lease: Petrovsky Fort		

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 2019 and 31 December 2018 are as presented above.

## 10.4 Taxes

### Deferred tax assets and liabilities

in CHF

30.06.2019	01.01.2019	Change in scope of consolidation	Changes affecting the income statement	Translation adjustments	30.06.2019
<b>Deferred tax assets</b>					
Tax loss carried forward	5,329,661	-	- 191,856	476,969	5,614,774
Impairment on asset under management	495,950	-	-	-	495,950
<b>Total deferred tax assets</b>	<b>5,825,611</b>	<b>-</b>	<b>- 191,856</b>	<b>476,969</b>	<b>6,110,724</b>
<b>Deferred tax liabilities</b>					
Investment property (Petrovsky Fort)	5,058,608	-	- 174,876	453,597	5,337,329
<b>Total deferred tax liabilities</b>	<b>5,058,608</b>	<b>-</b>	<b>- 174,876</b>	<b>453,597</b>	<b>5,337,329</b>
<b>Deferred tax (liabilities) / assets on balance sheet 31 December (net)</b>					
Deferred tax (liabilities) / assets	767,003	-	- 16,980	23,372	773,395

For Petrovsky Fort LLC, tax losses incurred in previous years and not utilised in prior periods have been recognised as a deferred income tax asset as it is probable that these losses can be offset against taxable profits. For Petrovsky Fort LLC, deferred tax liabilities represent temporary differences resulting from the excess of the Petrovsky Fort business center fair value over its tax value, together with potential tax liabilities which may have arisen due to changes in Russian tax legislation and related court practice.

	01.01.2018	Change in scope of consolidation	Changes affecting the income statement	Translation adjustments	31.12.2018
31.12.2018					
<b>Deferred tax assets</b>					
Tax loss carried forward	4,530,630	-	1,682,533	- 883,502	5,329,661
Impairment on asset under management	-	-	495,950	-	495,950
<b>Total deferred tax assets</b>	<b>4,530,630</b>	<b>-</b>	<b>2,178,483</b>	<b>- 883,502</b>	<b>5,825,611</b>
<b>Deferred tax liabilities</b>					
Investment property (Petrovsky Fort)	5,068,057	-	889,390	- 898,839	5,058,608
<b>Total deferred tax liabilities</b>	<b>5,068,057</b>	<b>-</b>	<b>889,390</b>	<b>- 898,839</b>	<b>5,058,608</b>
<b>Deferred tax (liabilities) on balance sheet 31 December (net)</b>					
Deferred tax (liabilities)	- 537,427	-	1,289,093	15,337	767,003

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

The table below 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

	30.06.2019	31.12.2018
<b>Balance at beginning of period</b>	<b>15,880</b>	<b>20,043</b>
Payment during the period	- 16,565	- 54,810
Reversal of provision (net)	16,000	50,647
<b>Balance at the end of the period</b>	<b>15,315</b>	<b>15,880</b>

### 10.5 Provisions

in CHF

	30.06.2019	31.12.2018
Position at 1 January	246,041	448,677
New provisions charged to income statement	-	-
Provisions released and credited to income statement	-	- 143,049
Foreign exchange translation differences	22,052	- 59,587
<b>Balance at 31 December</b>	<b>268,093</b>	<b>246,041</b>
<b>Maturity of provisions</b>		
Within one year	-	-
More than one year	268,093	246,041

## 10.6 Cash flow impact from financing activities and financial lease liabilities

The following table illustrates the cash flow impact from financing activities:

		01.01.2019	Cash Flows	Non-Cash changes			30.06.2019	
Liabilities from financing activities			Cash flows	Acquisition	New Leases	Foreign exchange movements	Fair Value changes	
Loan from bank	UniCreditbank	14,195,361	- 105,978	-	-	- 215,105	-	13,874,278
Accrued interest		64,663	82,443	-	-	- 3,737	-	143,369
Financial lease		Financial Lease (net):						
	Petrovsky Fort	1,577,545	47,431	-	-	90,786	-	1,715,762
<b>Total liabilities from financing activities</b>		<b>15,837,569</b>	<b>23,896</b>	<b>-</b>	<b>-</b>	<b>- 128,056</b>	<b>-</b>	<b>15,733,409</b>

## 11 Goodwill

in CHF

	30.06.2019	31.12.2018
Balance at beginning of period	1,939,257	2,312,876
Goodwill at acquisition date	-	-
Currency Translations Adjustments in consolidated equity	173,808	- 373,619
<b>Balance at the end of the period</b>	<b>2,113,065</b>	<b>1,939,257</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 2019.

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 13).

## 12 Share capital

As of 30 June 2019, the issued and authorised ordinary share capital of the Group was CHF 32.8 million (31 December 2018: CHF 32.8 million), divided into 2,644,402 (31 December 2018: 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 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 33,3%, conversely 49%, of the voting rights.

## 12.1 Issued capital

Issued Capital	30.06.2019		31.12.2018	
	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

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. Consequently, 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 13).

As a result, the consolidated capital paid in excess of par value (share premium) was CHF 31.92 million at 30 June 2019 (31 December 2018: CHF 75.45 million) and the accumulated deficit, at 30 June 2019 reduced to CHF 12.92 million (31 December 2018: CHF 59.98 million).

## 12.2 Treasury stock

	30.06.2019		31.12.2018	
	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

## 12.3 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 of the prior month. The resulting foreign currency translation differences represents a Currency Translation Adjustment (CTA) attributable to ENR's shareholders, recognised directly within the Group's equity (being part of total equity attributable to ENR's shareholders), whereas CTA differences attributable to non-controlling interests are shown within equity attributable to non-controlling interests. As subsidiaries and associate companies of the Group use different functional currencies than the Group's presentation currency (Swiss Franc, CHF), 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 and losses under other comprehensive income or losses.

## 13 Other current liabilities

Other current liabilities	30.06.2019	31.12.2018
Accounts payables	138,747	254,856
Other current liabilities	133,474	78,836
Closing balance	272,221	333,692

## 14 Related Parties

### 14.1 Valartis Group

in CHF

	1.1.-30.06.2019	1.1.-30.06.2018
Management fees for the period	331,185	366,951

The consolidated financial statements comprise of the financial position of ENR Russia Invest SA, its subsidiaries and associates. ENR has an investment management contract with Valartis International Ltd ("VI"), a wholly owned subsidiary of Valartis Group AG, Fribourg, Switzerland). Under this 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).

Out-of-pocket expenses incurred by VI in carrying out the research 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, the asset manager 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 investment return of 8% is reached. From early July 2017, the local Moscow branch of VI was appointed by Inkonika LLC, the Vestive Limited subsidiary holding the Turgenevskaya Moscow based parking garage, to perform certain property 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 feed-back reports). For this, a fee of US\$ 70,000 per annum (VAT exempt) is paid. From 1 January 2015, the local Moscow branch of VI was appointed by Petrovsky Fort LLC, the ENR subsidiary holding the Petrovsky Fort real business center, to provide property management services relating to the 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, a property management fee of US\$ 220,800 per annum (VAT exempt) is paid. Stainfield Limited, to which UniCreditbank had advanced a loan funding for the Petrovsky Fort business center, also from 1 January 2015, appointed VI to perform specific services with respect to servicing the UniCreditbank relationship. For this, a fee of US\$ 99,800 per annum (VAT exempt) is paid. The services rendered under these 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 the aforementioned 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 Employee remuneration

The information presented in the table below includes aggregate remuneration for all Group employees:

in CHF		
	1.1.-30.06.2019	1.1.-30.06.2018
Salaries	289,785	288,477
Social security benefits	46,426	49,314
Contributions to occupational pension plans	20,799	23,155
<b>Total</b>	<b>357,010</b>	<b>360,946</b>

## 14.3 Significant shareholders as of 30 June 2019

Valartis Group AG and Valartis AG jointly own 63.22% (1,627,358 shares) of the outstanding share capital (issued shares less treasury shares) of the Company. Paramount-Finanz AG owns 11.76% (302,703 shares) and Athris AG 22.92% (590,000 shares) of the outstanding share capital (issued shares less treasury shares) of the Company.

## 14.4 Other

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

## 15 Foreign exchange result

in CHF		
	1.1.-30.06.2019	1.1.-30.06.2018
Before application of IAS 21	-2,329,896	-1,614,519
Impact of IAS 21	2,041,315	1,869,372
Position as at 30 June	-288,581	254,843

Exchange differences arising on a monetary item, that forms part of a reporting entity's net investment in a foreign operation (as per paragraph 15 of IAS 21), shall be recognised in profit or loss in the separate financial statement of the reporting entity or the individual financial statements of the foreign operation, as appropriate. In the financial statements that include the foreign operation and the reporting entity (e.g. consolidated financial statements when the foreign operation is a subsidiary), such exchange differences shall be recognised in other comprehensive income and reclassified from equity to profit or loss only on disposal of the net investment in accordance with paragraph 48 of IAS 21.

## 16 Fair value hierarchy

The following table shows the fair value hierarchy of the Group's financial assets and liabilities and investment properties measured at fair value as of 30 June 2019:

in CHF	Level 1	Level 2	Level 3	Total
Financial assets, and investment properties at fair value through profit or loss at inception:				
<b>Investments at fair value through profit or loss</b>	<b>14,439,471</b>	-	<b>3,447,808</b>	<b>17,887,279</b>
- of which equity instruments trading	2,661,558	-	3,447,808	6,109,366
- of which fixed income	11,777,913	-	-	11,777,913
Financial assets at fair value	-	-	97,348	97,348
Forward foreign currency exchange contracts	-	-	-	-
<b>Total Financial assets, (liabilities) at fair value through profit or loss at inception</b>	<b>14,439,471</b>	-	<b>3,545,156</b>	<b>17,984,627</b>
Investment property	-	-	36,245,040	36,245,040
<b>Total Financial assets, and investment property at fair value through profit or loss at inception</b>	<b>14,439,471</b>	-	<b>39,790,196</b>	<b>54,229,667</b>

The following table shows the fair value hierarchy of the Group's financial assets and liabilities and investment properties measured at fair value as of 31 December 2018:

in CHF	Level 1	Level 2	Level 3	Total
Financial assets, (liabilities) and investment properties at fair value through profit or loss at inception:				
<b>Investments at fair value through profit or loss</b>	<b>13,354,802</b>	-	<b>3,486,746</b>	<b>16,841,548</b>
- of which equity instruments trading	1,971,435	-	3,486,746	5,458,181
- of which fixed income	11,383,367	-	-	11,383,367
Financial assets at fair value	-	-	98,448	98,448
Forward foreign currency exchanges contracts	-	51,120	-	51,120
<b>Total Financial assets, at fair value through profit or loss at inception</b>	<b>13,354,802</b>	<b>51,120</b>	<b>3,585,194</b>	<b>16,991,116</b>
Investment property	-	-	33,180,285	33,180,285
<b>Total investment property at fair value through profit or loss at inception</b>	-	-	<b>33,180,285</b>	<b>33,180,285</b>
Embedded derivatives on investment property - (liabilities)	-	-	-	-
<b>Total Financial assets, (liabilities) and investment property at fair value through profit or loss at inception</b>	<b>13,354,802</b>	<b>51,120</b>	<b>36,765,479</b>	<b>50,171,401</b>

The following table presents the movements in level 3 investments for the six months ended 30 June 2019:

	CHF
Opening balance	36,765,479
Financial assets at fair value	- 1,100
Transterm Holdings Cyprus Ltd: fair value adjustments	- 38,938
Investment property: Investments	93,766
Investment property Building: Fair value adjustments	- 3,161
Investment property - Foreign currency translation	2,974,150
Embedded derivatives (liabilities) fair value adjustments	-
Closing balance	39,790,196
<b>Total gain for the year included in the statement of comprehensive income for assets and liabilities held at the end of the year</b>	<b>50,567</b>

The following presents the movement in level 3 investments for the twelve months ended 31 December 2018:

	CHF
Opening balance	38,638,018
Financial assets at fair value	970
Transterm Holdings Cyprus Ltd: fair value adjustments	34,336
Investment property: Investments	1,115,505
Investment property Building: Fair value adjustments	1,403,333
Investment property - Foreign currency translation	- 6,177,987
Embedded derivatives (liabilities) fair value adjustments	1,751,304
Closing balance	36,765,479
Total (losses) for the year included in the statement of comprehensive income for assets and liabilities held at the end of the year	4,305,448

## 17 Adjusted presentation: Certain expense items

### 17.1 Professional Fees

in CHF

	1.1.-30.06.2019	1.1.-30.06.2018
Property management fees : Petrovsky Fort LLC *	49,754	48,168
Other professional fees **	59,966	104,549
<b>Total</b>	<b>109,720</b>	<b>152,717</b>

\* Property management fees were classified under Management fees as of 30 June 2018 interim unaudited consolidated statement of comprehensive income and losses.

\*\* Out of other professional fees disclosed as of 30 June 2018, CHF 52,630 were classified as Professional fees in the 30 June 2018 interim unaudited consolidated statement of comprehensive income and losses.

### 17.2 Legal Fees

in CHF

	1.1.-30.06.2019	1.1.-30.06.2018
Legal and tax advice *	11,660	25,170
Other services **	-	1,696
<b>Total</b>	<b>11,660</b>	<b>26,866</b>

\* For 30 June 2018, Legal and tax advice included CHF 52,630 disclosed under Professional fees and CHF 28,031 which are disclosed under Administrative costs in the interim unaudited consolidated statement of comprehensive income and losses.

\*\* Other services disclosed in June 2018, included an amount of CHF 1,696 which was classified under Other Expenses in the Consolidated statement of comprehensive income and losses.

### 17.3 Other Expenses

in CHF

	1.1.-30.06.2019	1.1.-30.06.2018
<b>Other expenses *</b>	<b>83,286</b>	<b>137,225</b>

\* Other expenses as at 30 June 2018 are shown after reclassifications of CHF 38,328 that are now disclosed under Finance costs. CHF 24,616 now disclosed under Information technology and related, and CHF 1,696 now disclosed under Legal fees.

## 17.4 Information technology and related

in CHF

	1.1.-30.06.2019	1.1.-30.06.2018
<b>Information technology and related *</b>	<b>23,492</b>	<b>30,616</b>

\* Information technology and related as of 30 June 2018 includes CHF 24,616 shown in Other expenses and CHF 6,000 shown in Professional fees of the interim unaudited consolidated statement of comprehensive income and losses.

## 17.5 Administrative Fees

in CHF

	1.1.-30.06.2019	1.1.-30.06.2018
<b>Administrative costs *</b>	<b>31,046</b>	<b>38,459</b>

\* Administrative costs as of 30 June 2018 include CHF 28,031 shown in Legal fees and CHF 10,428 shown in Professional fees of the interim unaudited consolidated statement of comprehensive income and losses.

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

in CHF

	30.06.2019		30.06.2018	
	Estimated market value	Effective commitment	Estimated market value	Effective commitment
Investment property (Petrovsky Fort)	34,529,279	14,017,647	33,886,710	14,446,703
<b>Total</b>	<b>34,529,279</b>	<b>14,017,647</b>	<b>33,886,710</b>	<b>14,446,703</b>

As of 30 June 2019 ENR has provided a guarantee in favour of UniCreditbank in relation to their loan (see note 10.1) to Stainfield Limited for the Petrovsky Fort business center (indebtedness, obligations and liabilities of Petrovsky Fort LLC regarding any taxes payable in respect of this property). ENR also provided a guarantee of up to Euro 700,000 with respect to the liabilities of Stainfield Limited, a wholly owned Group subsidiary and borrower of this UniCreditbank loan. Collateral provided to UniCreditbank with respect to this loan include a pledge of shares of Stainfield Limited and another Group subsidiary via which the investment in Petrovsky Fort LLC is held, 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 not 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

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118 rue du Rhône  
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Switzerland

### Auditors

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Switzerland

### Investment Manager

Valartis International Limited  
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Road Town, Tortola, British Virgin Islands

### SIX Security Number

3447695

### ISIN Number

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### Ticker Symbol

RUS

### Group Website

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



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