

QUARTERLY NEWSLETTER



JANUARY 2018

KENYA

After a repeat election on 26 October 2017, His Excellency, Uhuru Kenyatta, the incumbent President, has been re-elected. The past six months have involved political fluidity, however, with the completion of elections, things are returning to normal in the political, legal and economic spheres.

We are in the midst of negotiating a sale of excess land and hospital, which would provide us funds to close pending liabilities and working capital to restart operations.

We have completed legal submissions and arguments and await eagerly for judgement in our favour.



ETHIOPIA

The Ethiopian Central Bank has devalued the Ethiopian Birr by 15% on October 10, 2017.

The birr was at a weighted average of 23.4177 against the dollar before the devaluation and is now valued at 26.9215 against the dollar. The devaluation was made to boost exports and will make our export operations more competitive.

We have begun negotiations with the Ethiopian government. A press release by Mr. Yacob Yala, the CEO of the Ethiopian Horticulture and Agriculture Investment Authority confirmed their interest in reconciliation with Karuturi.

INDIA

This year, Valentine's Day is on a Wednesday, Chinese New Year is on Friday, February 16th and International Women's Day and Russian Valentine's Day are on Thursday, March 8th. These events will all impact rose demand and prices positively and significantly.

The Indian market has consistently outperformed international markets as well. The traditional Indian wedding calendar starting from February 24th is running packed through March, April, May, June and July. This widespread and even distribution will mean a fairly robust domestic demand uptake.

Further, rose prices on IFAB (International Flower Auction Bangalore) have been very promising, with prices peaking at Rs. 16 per stem of Noblesse variety. Average prices have been above Rs. 8 in November and December and year on year prices are up by 150%.

FUTURE OUTLOOK: WATER

Round 1 Prototype Testing for Xprize: January 19, 2017

We are making major headway in our research and development of our Air to Water Prototype. The next few months will be crucial as we prepare for Prototype Testing by the Xprize Foundation. Five teams will be selected from Round 1, who will then progress onto the final round of the Competition.

We are working in close cooperation with the University of Louisville and are excited to see the direction this unique project is going to take the company in.

PRIZE PROGRESS



EMPLOYEE SPOTLIGHT: K.B. SRISHAILA

*General
Manager, Indian Operations*



K.B. Srishaila has been part of the Karuturi family for 10 years. He is the General Manager of Karuturi's floriculture operations in India. He has overseen operations in Kenya, Ethiopia and India. He has experience in rose growing for over 20 years.

Mr. Srishaila is an MSc in Agriculture from GVK, University of Agricultural Sciences, Bangalore with experience in Agriculture for 8 years. In 1995, he began to focus on floriculture. He has work experiences in India, Kenya, Ethiopia and Uganda.



AERIAL VIEW OF KARUTURI OPERATIONS

Floriculture Farm, Holeta Region, Ethiopia

Google Earth coordinates: 9°04'15.0"N 38°31.0'E

Farm area: 108 Hectares



330 mi

Annual stem
production capacity in
Holeta



75

Number of Boeing 747
planes that can be filled
with stems produced in
Holeta



KARUTURI IN THE NEWS



- Video by MoneyTree detailing the potential of the company:

<http://bit.ly/2CKXO8s>

- Article about reconciliation with the Government of Ethiopia regarding land allotment:

<http://bit.ly/2Cg17n5>

News.et | 28 November 2017

The Indian company Karuturi Global requests to resume its operations in Ethiopia

By Teshome Tadesse

(translated to English by Anywaa Survival Organisation)

The Ethiopian Horticulture and Agricultural investment authority says that it is negotiating with Karuturi Global over its request to continue operations in Ethiopia, after long disagreement with the host government over its 100,000 hectare farm project in Gambela Region.

In a memo sent to Addis Zemen newspaper, Ato Yacob Yala, CEO of the Ethiopian Horticulture and Agricultural Investment Authority, confirmed that the contract with the Indian company that had invested in large-scale commercial agriculture in the Gambela Region was terminated due to the company's failure to develop 100,000 hectares as agreed to in the contract. However, after discussions with the Indian government, both parties agreed to consider how Karuturi could return to develop 7000 hectares in Gambela.

The CEO of the Horticulture and Agricultural Investment Authority, Ato Yacob Yala, confirmed that these negotiations were taking place with the company and Indian senior authorities at the Ethiopian embassy in India at the request of senior Indian authorities, who are seeking permission the company to resume its operations in Ethiopia. The government of Ethiopia in general and the Authority in particular are considering providing Karuturi with the portion of lands that Karuturi utilised within the original concession, not only the 5000 hectares that the government says the company developed but the 7000 hectares that the company claims to have developed.

According to Ato Yacob Yala, "if the company intends to develop the hectares of land under consideration without asking additional land, a new lease agreement will be prepared. The Authority is already preparing a new lease agreement that considers the capacity of the company and what is expected of the government for effective management of the contract."



The Ethiopian Horticulture and Agricultural Investment Authority says it is negotiating with Karuturi Global over a request to continue operations on 7,000 ha in Gambela, Ethiopia

*Warm
Season's
Greetings
from the
Karuturi
Family!*



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