



23 November 2011

**ELARG Agricultural Land Opportunity Fund REIT**  
**(“Elarg” or “the Company”, BSE: 4EC, Bloomberg: 4EC BU)**

**BoD Resolution – ELARG liquidation**

Dear Shareholders,

In order to close the discount between the market price of the portfolio of land and the market price of the shares of Elarg, the board of directors proposed to sell the assets, liquidate the fund, and distribute the proceeds to the investors. An EGM will be called for Feb 29, 2012 to decide on this board proposition in due course.

As previously reported in our Updates from Management and Reports and Accounts, many of the long-standing problems of the Fund, usually quoted by the financial analysts as an impediment to raising the price of its shares, were resolved:

- Our bond was refinanced for a longer period and partially bought;
- A new long-term investor replaced the QVT Fund;
- An agreement was arrived at to resolve the dispute with the previous management company;
- An appreciable improvement was marked in the income from rentals and in the collection rate;
- Actually executed transactions proved on the financial market the value of the portfolio;
- Massive cost savings and profitable and cashflow positive fund;
- Losses accumulated in previous years were overcome thus creating opportunities for payment of dividend for the first time in the history of Elarg.

In spite of these positive trends on the agricultural land market and the improved prospects for the Company, the price of shares of the Fund still remains low, and the markets are still influenced by external factors and do not appreciate properly both the work performed by the management and the value of our assets.

Liquidation of the Fund will give our shareholders the money closer to the farmland portfolio value which is higher than the current market capitalization. Just for the guidance of the shareholders, the last published market price of the portfolio of farmland as of 31 December 2010 was 91.5mm leva plus 15mm leva for Kambanite land (a non-core asset bought in breach of the investment strategy by the previous management of the fund) while the market value of the shares outstanding has been around 40mm leva.



This big discount of the market capitalization of our assets is not justified and is not in the best interest of our shareholders, many of whom account positions in real stock quotes. It was in the interest of our investors that some time ago the General Meeting of Shareholders decided to extend the life of the Fund till 2018, but the negative tendencies, persisting on the stock exchange, call for a different solution.

Before the formal EGM decision to liquidate the fund, the board expects to have the annual financial reports for 2011 to be produced and approved and a decision to distribute the dividend for 2011 to be taken accordingly.

The decision to liquidate the fund (if taken by the coming EGM) will not affect the bonds outstanding.

**Andrey Kruglykhin**  
**Executive Director**

**About ELARG Agricultural Land Opportunity Fund REIT:**

ELARG invests in agricultural land in Bulgaria, aiming to capitalise on its growing value following EU accession, as well as general increase in global food demand. It enhances its portfolio value through active management, land consolidation and selective farming. The Fund is managed by Agromanage AD.

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