



10 September 2012

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

Dear Shareholders,

Several longstanding investors informed us that First Financial Brokerage House (\*FFBH”) had approached them with an interest to purchase their holdings in ELARG.

We launched an inquiry into the matter and found the following:

- On July 26<sup>th</sup> FFBH issued a research note and raised by 59 percent their estimate for ELARG’s prospective liquidation quota – to BGN 2,40 per share
- FFBH, however, kept their rating of the stock at HOLD quoting concerns on likely extensions to the liquidation procedure and by applying risk weighted discounting
- FFBH pointed out in their note that 55 percent of the stocks in their coverage universe are rated BUY. ELARG has not been on that recommended list for some time
- In late July and prior to August 20<sup>th</sup> (the record date for participation in the Extraordinary Shareholders Meetings of September 3<sup>rd</sup> (“EGMs”)) FFBH purchased more than 200 thousand shares for its proprietary account, increasing its position in ELARG several fold
- In the period August 1<sup>st</sup>-20<sup>th</sup> FFBH purchased almost 60 percent of ELARG’s shares traded on the Bulgarian Stock Exchange. Buying pressure led the stock to a high of BGN 2,07. FFBH’s interest cooled down
- In the run up to the EGMs a prominent financial media inquired with our Director of Investor Relations whether ELARG would like to comment on the spreading rumors that the liquidation will be delayed by a few years. Our colleague responded that ELARG’s official position had not changed – that all principal assets should be sold by March 2013. In addition, she made clear that, if the Board became aware of circumstances that would cause delays, no doubt we shall make a formal announcement to the market.
- Two days before the EGMs FFBH logged in the offices of ELARG a formal letter challenging a number of 2011 and 2012 transactions related to the liquidation
- During the EGMs the FFBH representatives and their financial analyst were given the floor to present their position (the minutes are available at [www.elarg.bg](http://www.elarg.bg))
- Subsequently, we became aware that FFBH had made attempts (unsuccessful, as far as we know) to attract other investors in order to make possible the judicial challenge to transactions predating FFBH’s recent participation in our Company



All these events have caused us to suspect that an attempted manipulation may be under way in the market for ELARG's shares.

In the interest of the Fund and our investors, we have asked our counsel to review the situation and advise us on a prospective course of action.

We welcome our new investors at FFBH and wish them, going forward, to identify (for themselves and their customers) investment opportunities such as ELARG at an earlier stage – prior to 200+ percent increases in their share price!

Yours faithfully,

ELARG Board of Directors

**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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