



10 December 2010

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

**Early Completion of Bond Buyback**

Dear Shareholders

I am pleased to inform you that Elarg has completed the partial buyback of its bonds that had been scheduled under the put options granted to our bondholders in August. The buyback has been completed ahead of the scheduled deadline of 31 December 2010.

As reported in September, we promised our bondholders (QVT Fund LP and Allianz) that Elarg would repay at least €2.85 million of the €10 million outstanding by the end of this year, at bondholders' discretion. The total of €2,860,000 of bonds has been bought back by Elarg and the Board of Directors has resolved to cancel these bonds.

Following the buyback Elarg has €7,140,000 of bonds outstanding. QVT Fund LP holds approximately 70% and Allianz holds the balance. To recap the terms of the extended bond, the remaining principal matures on 3 August 2013. Elarg has an option to buy back the remaining principal (or part of it) at any time after 3 August 2011, at its sole discretion, paying a 1% premium. The coupon is set at 8.5%, paid semi-annually. Finally, any proceeds from the sale of Elarg's Kambanite asset, if it happens while the bond remains outstanding, should be used to repay the bond.

The cash required for the buyback has been generated from the Fund's normal operations including rents, sale of this year's harvest and land portfolio optimisation activities (as detailed in the Management's newsletter on 2 December). We chose to finish the buyback ahead of schedule in order to minimise the cost of interest, as short-term deposit rates are significantly lower than the coupon on our bond.

In summary, Elarg is approaching the end of this year with completed restructuring of its liabilities and renewed commitment from its stakeholders. On behalf of the Board and the management, let me take this opportunity to wish you all a Merry Christmas and all the very best in the New Year! At Elarg we are all looking forward to a fruitful 2011.

**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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