

History

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Black Earth Farming was established in 2005 and was among the first foreign-financed companies that undertook considerable investments into the Russian agricultural sector. The Company has established a significant presence in the regions of Kursk, Tambov, Lipetsk and Voronezh regions in the central "Black Earth" area of Russia. During the first years the Company was focused on acquiring and obtaining full free hold ownership to agricultural land. In 2006 Black Earth Farming received its first fully registered land ownership certificates which was a significant milestone as it confirmed that the land acquisition process was consistent with Russian legislation and worked in practice. The Company is now at the final stage in the process of registering land into ownership and is focused on raising the productivity of the current asset base. As of 31 December 2012 Black Earth Farming controlled 308,000 hectares of land, corresponding to an area about the size of Luxembourg, with 250,000 hectares in ownership and 39,500 hectares in longer term leases.

The Company raised initial funding from the family backed Swedish investment companies Vostok Nafta and Kinnevik who remain major shareholders. Following several private placements and a bond issue to fund the expansion of the Company's land bank, BEF successfully completed an IPO on 28 December 2007. Shares were listed in the form of Swedish Depository Receipts, on the OMX First North exchange in Stockholm and raised SEK 1,920 million, approximately USD 250 million. On 22 June 2009 the Company changed listing to NASDAQ OMX Stockholm where the shares are currently listed under the ticker BEF SDB. Significant investments in a large modern machinery fleet and storage infrastructure have been undertaken since then to expand the area under production as well as to secure internal storage and grain handling capacity. In October 2012 the Company signed a 3 year strategic cooperation agreement with PepsiCo in Russia to supply potatoes and sunflowers for Lay's crisps as well as sugar for other various PepsiCo products. To fund the investments needed to expand potato and sugar beet production under the PepsiCo agreement a SEK 530 million rights issue was successfully completed in December 2012.

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**BEF Mile Stones
2005-2012** (PDF)