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## Black Earth Farming Ltd announces the divestment of Podgornoe and Ostrogozhsk assets

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Globe Newswire | 3 April 2014

PRESS RELEASE

### Black Earth Farming Ltd announces the divestment of Podgornoe and Ostrogozhsk assets

Black Earth Farming, an owner and operator of agricultural farmland in Russia, announces that it has agreed the sale of land and related real estate assets from the Podgornoe and Ostrogozhsk holdings in its Voronezh operations to Avangard Agro. As part of the planned transaction, Black Earth Farming will sell 27,754 hectares of land for at a total of USD 21.1mn.

The Podgornoe and Ostrogozhsk land assets are located in Voronezh in the Southeastern parts of Company's geographical footprint. The sold land area of 27,754 hectares includes 5,115 hectares of grasslands, pastures and fallow and 1,899 hectares of leased and co-owned land. The transaction also includes the Ostrogozhsk elevator, with 15,000 tonnes of capacity, as well as 14,000 tonnes of warehouse type storage facilities and yard premises. The transaction does not include machinery or the winter wheat crop sown in autumn 2013 on the sold land. At the current RUR/USD exchange rate and on completion of the registration process, the Company estimates to book a gross profit of USD 7 million and net profit of around USD 5 million on the transaction.

The revenue contribution of the sold assets in 2013 is estimated at 9.0%. The net income contribution of the



Avangard, Ukraine's largest egg producer, is 77% owned by Ukrlandfarming PLC, which is a Cyprus registered company controlled by Ukrainian oligarch Oleg Bakhmatyuk (above). US grain giant Cargill bought a 5% stake in Ukrlandfarming in January 2014. (Photo: Kiev Post)

Voronezh region has historically been below the Company average and the sale should be long term positive to consolidated margins.

Richard Warburton, CEO, comments:

"The Company has worked on the announced sale for several months and is pleased to announce the divestment of these land and storage assets in our Voronezh region. The sale is part of our plans to improve profitability and will release cash for investment in other areas, as well as our root crop business."

For additional information, please contact:

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Notes to Editor:

Black Earth Farming Ltd. is a leading farming company, publicly listed on Nasdaq OMX Stockholm and operating in Russia. It acquires, develops and farms agricultural land assets primarily in the fertile Black Earth region in southwest Russia. Black Earth Farming has gained a strong market position in the Kursk, Tambov, Lipetsk and Voronezh areas, controlling some 308,000 hectares (prior to the above announced sale) of what perhaps is the world's most fertile soil. The Company's main products are wheat, barley, corn, sunflower, soya, rapeseeds and potatoes.

#### MAIN FACTS:

- As part of the planned transaction, Black Earth Farming will sell 27,754 hectares of land for at a total of \$11.1 million.
- The Podgornoe and Ostrogozhsk land assets are located in Voronezh in the Southeastern parts of company's geographical footprint.
- The transaction does not include machinery or the winter wheat crop sown in autumn 2013 on the sold land.
- At current exchange rates and on completion of the registration process, the company estimates to book a gross profit of \$7 million and net profit of around \$5 million on the transaction.
- The revenue contribution of the sold assets in 2013 is estimated at 9%.
- The net income contribution of the Voronezh region has historically been below the company average and the sale should be long term positive to consolidated margins.
- Shares closed Wednesday at SEK5.90, valuing the company at SEK1.23 billion.
- Write to Dominic Chopping at [dominic.chopping@wsj.com](mailto:dominic.chopping@wsj.com); Twitter: @WSJNordics

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