



NE Romania, 12 August



W Romania, 8 July



France, 6 August

**North Bridge Agri Ltd**

**FACTSHEET**

**Q2 2014**

**September 29, 2014**

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## Company objectives and background

North Bridge Agri Ltd has been established to invest in farmland within the EU, with a focus on Romania and France, two countries where there is high quality agricultural land, good climatic conditions, a positive operating environment and substantially lower land prices than in comparable markets elsewhere in the EU.

The asset base combines land operated on behalf of the company, where potentially higher returns can be made by investing in operations, with farms rented to tenants to generate a guaranteed yield. The intention is to balance the income streams from these two types of asset to generate a running yield to investors.

## Operational summary

The early part of the growing season went well, with a mild winter allowing wheat, barley and oilseed to gain ground during the spring and timely planting of maize and sunflowers. Conditions remained optimal in Romania until July when extremely heavy rain delayed the oilseed and wheat harvests by 4-6 weeks. Despite this, tonnages were above last year's on both crops, slightly more than compensating for a fall in prices. The wet weather was repeated in France but in both countries maize benefited greatly. Sunflowers in Romania suffered slightly from the effects of the rain during pollination, but tonnages (harvesting is mostly complete at the time of writing) were slightly above 2013, again compensating for prices below last year's and well below trend.

<b>CROP, t per ha</b>	<b>West 2013</b>	<b>West 2014</b>	<b>NE 2013</b>	<b>NE 2014</b>	<b>EU-28</b>
Maize	4*	N/A	11	N/A	3.9-11.7
Wheat	5	5.7	3**	4.9-5.5	2.2-8.7
Sunflower	2	3+***	3	2.7-3.3	0.6-2.7
Oilseed	3	1.9-3.5	N/A	3.6	1.3-4.0

(Maize not harvested yet)

\* Severe drought in 2013 growing season

\*\*Drought at planting time

\*\*\*Estimate as harvest not complete

The manager prepared an active marketing program for all crops, including selling a proportion of tonnages ahead and seeking to benefit from higher quality wheat in a year when the Romanian crop was compromised generally by the weather. More than double the number of counterparties were contracted with this year compared with 2013, spreading sales between international buyers for large volumes and local players for smaller lots at good prices.

The irrigation project was not required this year but will be completed for testing during late autumn, while storage facilities in the North East will also be completed this autumn. Investments have been made in a new seed drilling system which we expect to reduce costs substantially and in a new combine harvester for the North East, as the cost/benefit of being able to harvest in damper conditions warranted this and lease costs were low.

The new land law (in Romania) held back activity in the first half of the year in purchasing parcels, but some 100ha have been bought during the period. A new process for buying land has been implemented to address the new law's constraints and land prices are now transparent, as transaction values must be published. This has resulted in a rise in prices for smaller lots in the North East. Investments by a large private company in the North East also have lifted price indications for aggregated land. We continue to buy in our core villages, as our ability to pay cash quickly, particularly for lots of 5-10 hectares, gives an advantage over others.

## Valuation and land database

The manager has not obtained a formal valuation at the half-year but has taken guidance from prices being published in the market and as Notaries are now more open about transaction values. The manager estimates that prices in the North East of Romania have risen by 9% on average. In particular small parcels (0.5-2.0ha) have seen increases from around EUR 2,000 to EUR 2,500-2,750, as these are within the capacity of locals to buy.

In the west, prices reported have risen more modestly, by around 3% (after a leap in 2013) and as the company is negotiating a sale of some land at present, will not disclose estimated prices at this time.

NAV at 30.6.14 is EUR 1.18 per share, a rise on the end-2013 figure. Note that the seasonality of farming means that almost all income is received in the second half. The manager has included a prudent uplift in land prices, based on data published in the local areas, input from notaries and market professionals.

<b>North Bridge Agri Ltd: Land figures</b>				<b>2Q14</b>	<b>4Q13</b>
<b>Land summary</b>	<b>Owned</b>	<b>Rented in</b>	<b>Rented out</b>	<b>Operated</b>	<b>Owned</b>
North East Romania	1,530	1,324	8	2,846	1,511
Western Romania	2,449	655	908	2,196	2,454
Central France	1,930	0	1,255	675	1,930
<b>Totals</b>	<b>5,909</b>	<b>1,979</b>	<b>2,171</b>	<b>5,717</b>	<b>5,895</b>

*The table does not include a joint venture which generates income for the company (1,750ha of mostly rented land)*

At the half-year the company has expensed normal costs but has not yet sold grain nor collected all rental or subsidy income; therefore the first half performance is heavily affected by the seasonality of income and costs. Crops harvested in 2H14 and sold will add to income while those stored over the year-end will be marked to market, at the prevailing price. The financial income shown below is affected positively by the Romanian currency strengthening against the Euro over the period.

### Summary consolidated result 1H14

Income	630,414
Operating expenses	(1,775,060)
Financial income	308,446
Loss before tax	(836,201)
Income tax	(481)
<b>Result for 1H14</b>	<b>(836,682)</b>

## Market and crops situation

After an apparently positive phase in 1Q14 prices declined sharply towards harvest, but the manager was able to lock in a proportion of estimated production at better levels. Delays in harvesting due to heavy rain meant that it was prudent to balance prices against downside risk of failure to deliver against contracts agreed. With higher tonnages than budgeted, however, we are ahead of expectations to date and expect the same of maize, weather depending again.

## MAIZE PRICE, LAST FIVE YEARS, CBOT



## WHEAT PRICE, LAST FIVE YEARS, CBOT



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