



**BEFL**

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## Current issues on agricultural land turnover

International forum 'Agrarian Regions of Russia: Black Earth', Orel, July 19–21, 2011

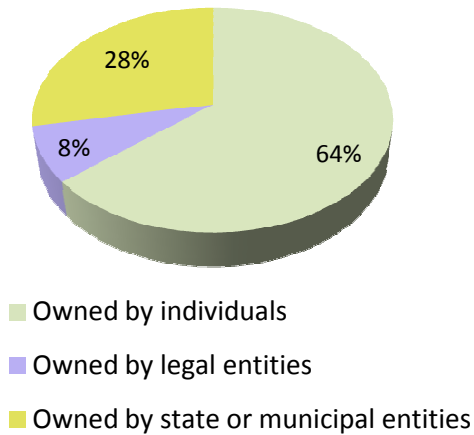
<b>Market of agricultural land: structure</b>	<b>3</b>
<b>Acquisition of rights to unclaimed shares</b>	<b>7</b>
<b>Lease rights to land plots. Key risks</b>	<b>8</b>
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<b>Growth: for and against</b>	<b>10</b>

**Data on agricultural land per regions  
of the Russian Central Federal District as of 01.01.2011 (th ha) \***

RF subject	Total area of agricultural land	Farmland (tillage)	Agricultural land			Redistribution fund land (tillage)	Unclaimed shares
			owned by state or municipal entities	owned by RF individuals	owned by legal entities		
Voronezh region	4 237,2	2 916,0	1 355,4	2 763,3	118,5	11,30	549,0
Kursk region	2 275,9	1 802,5	493,8	1 610,9	171,2	14,60	505,4
Lipetsk region	1 938,7	1 554,6	490,9	1 065,0	382,8	10,00	175,6
Orel region	2 032,2	1 508,5	597,9	1 321,0	113,3	17,10	263,8
Ryazan region	2 601,7	1 448,0	838,4	1 570,2	193,1	56,40	303,6
Tambov region	2 819,2	2 039,8	758,9	1 761,2	299,1	22,10	321,1
Tula region	1 842,6	1 409,8	437,9	1 224,1	180,6	27,40	361,2
<b>Total</b>	<b>17 747,5</b>	<b>12 679,2</b>	<b>4 973,2</b>	<b>11 315,7</b>	<b>1 458,6</b>	<b>158,90</b>	<b>2 479,7</b>

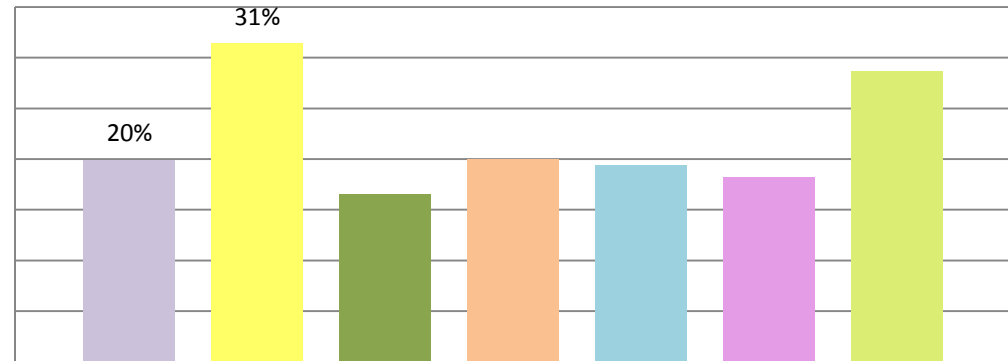
• data as of 01.01.2011, or as of 01.01.2010 if those data were unavailable

**Agricultural land of the CFD regions by types of ownership (per cent)**



**Land owned by legal entities of the total area of agricultural land (per cent)**

**Unclaimed shares owned by individuals (per cent)**



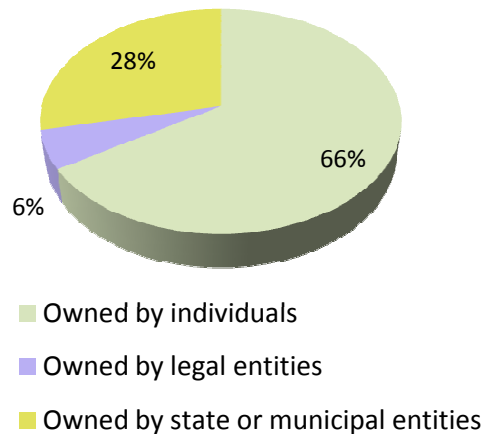
**Land owned by legal entities of the total area of tillage (per cent)**

**Data on agricultural land per regions  
of the Russian Southern Federal District and North-Caucasian Federal District as of  
01.01.2011 (th ha) \***

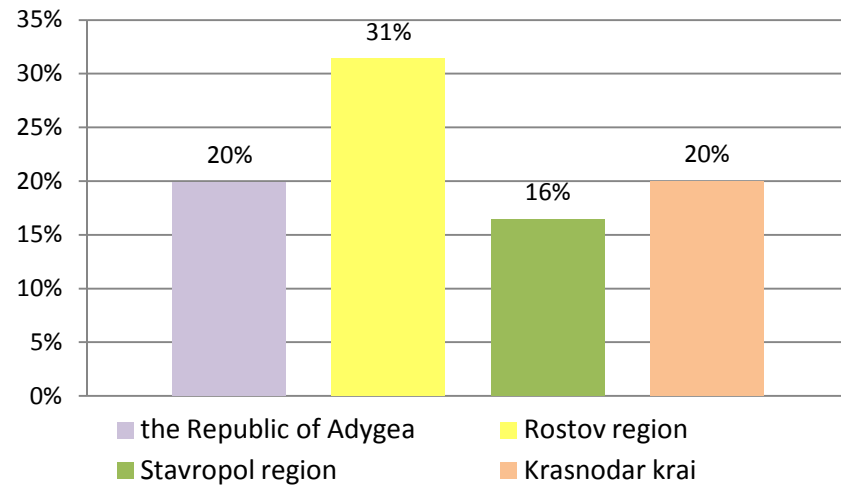
RF subject	Total area of agricultural land	Farmland (tillage)	Agricultural land			Redistribution fund land (tillage)	Unclaimed shares
			owned by state or municipal entities	owned by RF individuals	owned by legal entities		
the Republic of Adygea	341,93	261,07	140,48	192,85	8,60	2,30	25,20
Rostov region	8 816,00	5 871,40	2 370,60	6 045,50	399,90	47,70	107,30
Stavropol region	6 110,50	3 995,70	1 824,00	3936,6	349,9	35,8	206,00
Krasnodar krai	4 751,80	3 754,40	1 345,50	3 049,00	357,3	23,2	187,80
<b>Total</b>	<b>20 020,2</b>	<b>13 882,6</b>	<b>5 680,6</b>	<b>13 223,9</b>	<b>1 115,7</b>	<b>109,00</b>	<b>526,3</b>

• data as of 01.01.2011, or as of 01.01.2010 if those data were unavailable

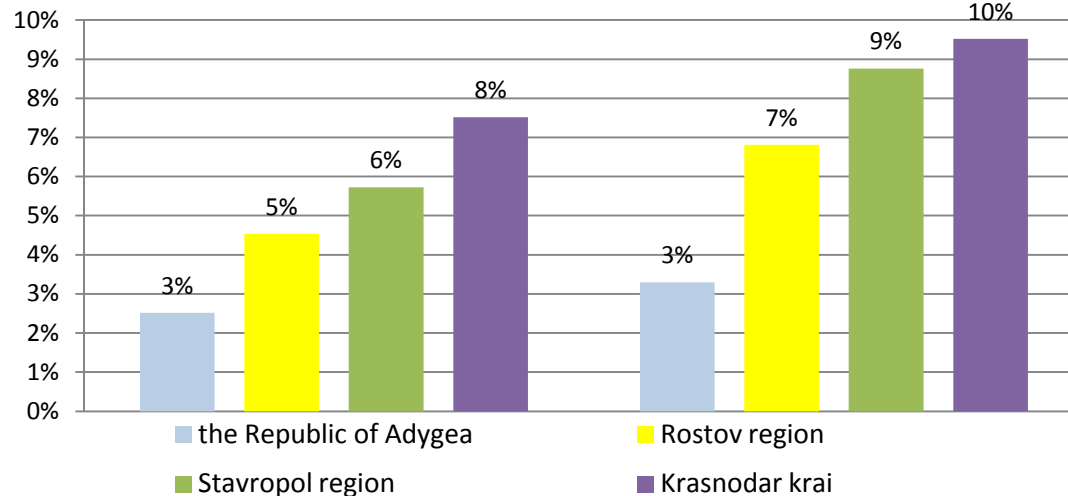
**Agricultural land of the SFD and NCFD regions by types of ownership (per cent)**



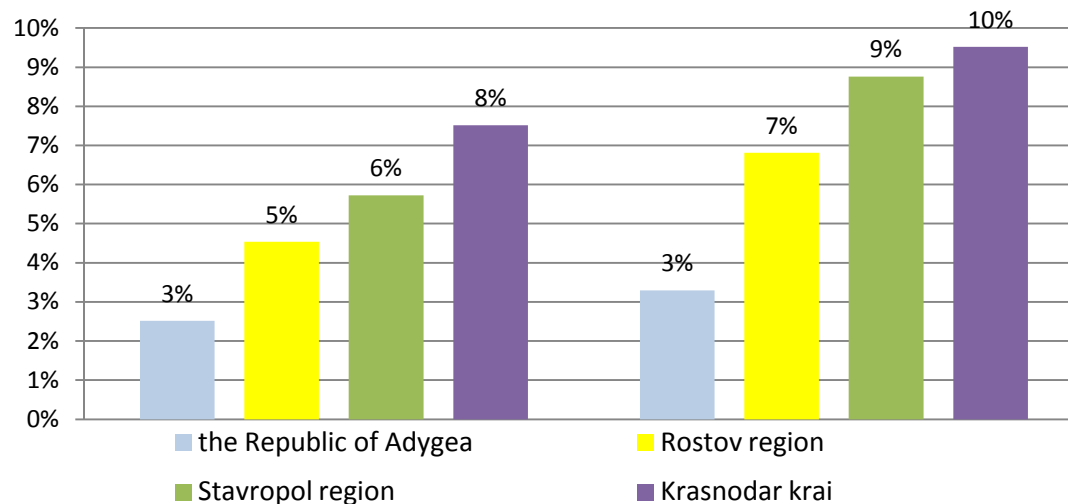
**Unclaimed shares owned by individuals (per cent)**



**Land owned by legal entities of the total area of agricultural land (per cent)**



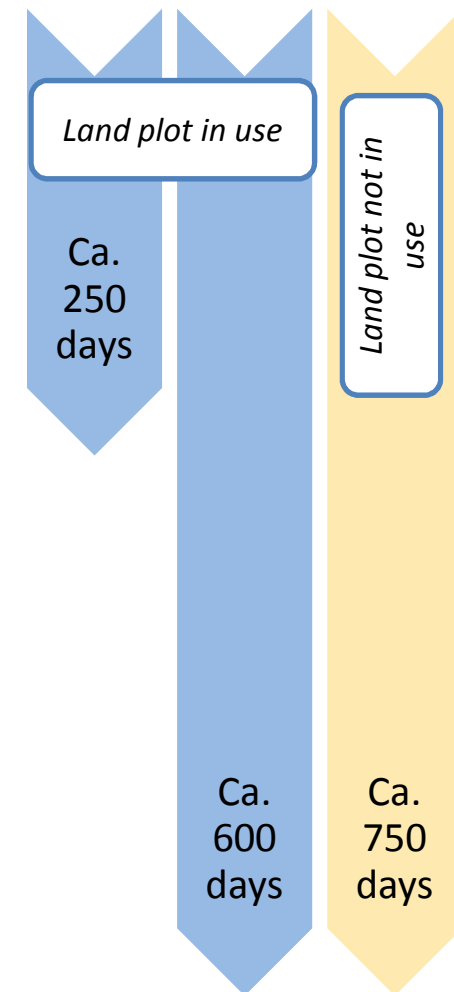
**Land owned by legal entities of the total area of tillage (per cent)**



1. Composing of a list of unclaimed shares. Publication and placement of the list
2. Publication of the announcement about holding the next general meeting of participants
3. Approval of the list on the meeting of participants
4. Approval of the list by the local self-government body
5. Legal action for confirmation of municipal ownership to unclaimed shares
6. Registration of right of the local self-government body to unclaimed shares
7. Publication of a notice on the land plot purchase in mass media
8. Land plots purchase agreement
9. State registration of the title to a **LAND PLOT**

## Stages

10. Preparation of a plan for land plot parcel
11. Publication and placement of the announcement about the need to approve the land survey plan
12. Approval of the land survey plan
13. Cadastral works
14. Cadastral registration of the land plot
15. Registration of title of the local self-government body to a land plot
16. Decision-making on the land plot sale in trading
17. Publication of a notice on holding trading for the land plot sale
18. Holding trading for the land plot sale
19. Making of an agreement with a preferred bidder
20. Registration of the preferred bidder's title to the **LAND PLOT**



***Regardless of a lessor status*****Risk of a lease agreement termination****Grounds for termination:**

- not using of land plots
- failure to pay rent more than twice at a stretch

***Land plots owned by the Russian Federation, subject of the Russian Federation, municipal entity or state ownership to land plots is not separated*****Risk of a lease agreement rescission****Grounds for termination:**

- violation of procedure on making a lease agreement without trading
- violation of procedure on preparation and holding of trading for the right to make lease agreement

**Risk associated with the following circumstances****Risk of rent increase**

- Non-compliance of legislation of the RF subject with the RF legislation on determination of the rental amount with regard to the land plots with not shared/separated state ownership
- Revision of the land plot cadastral value (cadastral revaluation can be conducted on an annual basis potentially)

***Land plots owned by legal and individuals*****Risk of declaration of a lease agreement as void**

**Grounds:** the amount and order of rental payment are not approved. The amount of the rental payment is often determined as liabilities related to grain transfer, performance of particular works, etc. Meanwhile, the exact type of grain to be transferred in consideration for rental payment, is not specified.



**Risk of land plots  
forfeiture****Grounds:**

- violation of preemptive right of the RF subject relating to purchase of land plots
- a buyer's ineligibility to purchase shares in the land plot ownership
- declaration of the shares purchase agreement as fraudulent transaction, made to cover up the transaction of land plots purchase
- violation of the admeasure procedure

## 1. Financial markets entry

### Shares admitted to trading

OJSC Krasny Vostok Agro (RTS)

OJSC PAVA (RTS)

OJSC Cherkizovo Group (RTS)

OJSC Razgulay Group (RTS)

OJSC Rusgrain Holding (RTS)

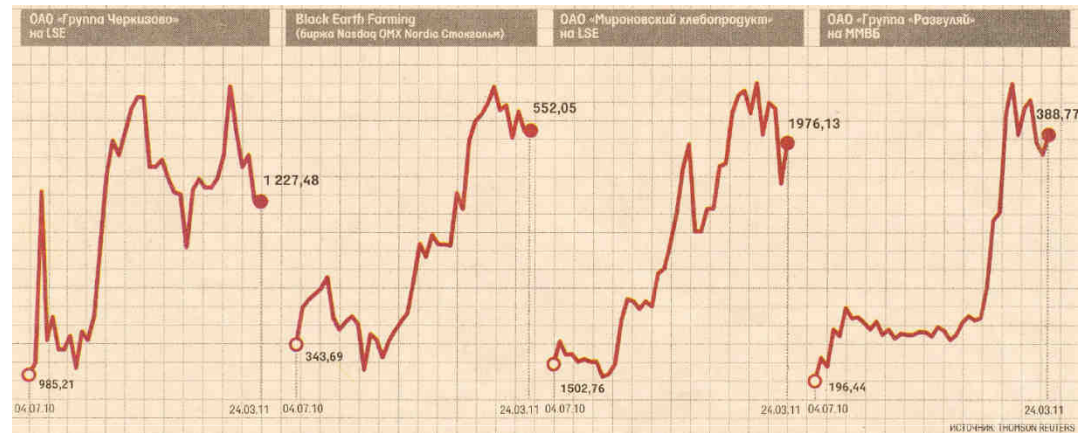
Rusagro Group (LSE)

### Plans for IPO in 2011

Group of Companies Yug Rusi  
London Stock Exchange (LSE)

Valars Group  
Warsaw Stock Exchange (WSE)

**Agrocompanies  
dynamics  
of capitalization,  
\$ million**



Company	Type	Land under control, ha	Regions
BrasilAgro	Investment company	165 000	Brazil
Brookfield Asset Management	Investment and manufacturing company	220 000	Brazil
Cazenave (CASA)	Investment and manufacturing company	800 000	Argentina, Colombia, Brazil, Paraguay, Uruguay
Cresud	Investment company	430 000	Argentina, Paraguay, Bolivia
Great Southern	Investment and manufacturing company	1 400 000	Australia
International Farmland Holdings / Adeco Agropecuaria	Investment company	263 000	Argentina, Brazil, Uruguay
Jarch Capital	Investment company	400 000	Southern Sudan
Macquarie Pastoral Fund / Paraway Pastoral Company	Specialize fund	3 000 000	Australia

[www.vedomosti.ru](http://www.vedomosti.ru), [www.kommersant.ru](http://www.kommersant.ru), [www.rts.ru](http://www.rts.ru), [www.grain.org](http://www.grain.org)

## Agrobusiness in Russia: foreign investors' opinion

*Chris Erikson ('Soyatech', the USA). New investment flows in agriculture*

- ✓ Russia needs 100-150 bln US dollars
- ✓ The government is able to provide only a small part of the required sum
- ✓ Foreign investors can eliminate the deficit

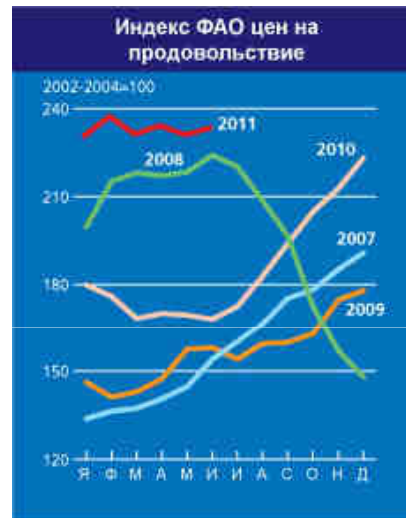
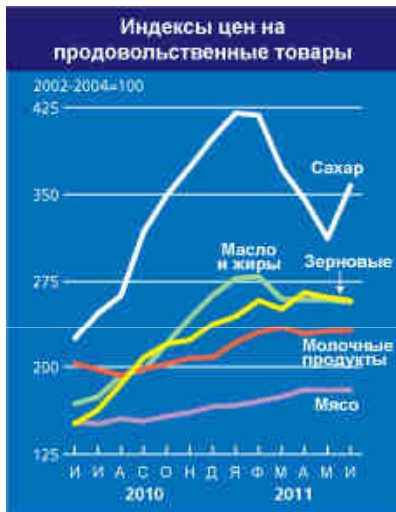
### Difficulties:

Legislative system

Land property

Political risk

2. Food prices



3. Lifting of the moratorium on the sale of agricultural land in Ukraine in 2011-2012

4. Russia's WTO accession

5. Effectiveness of agricultural production

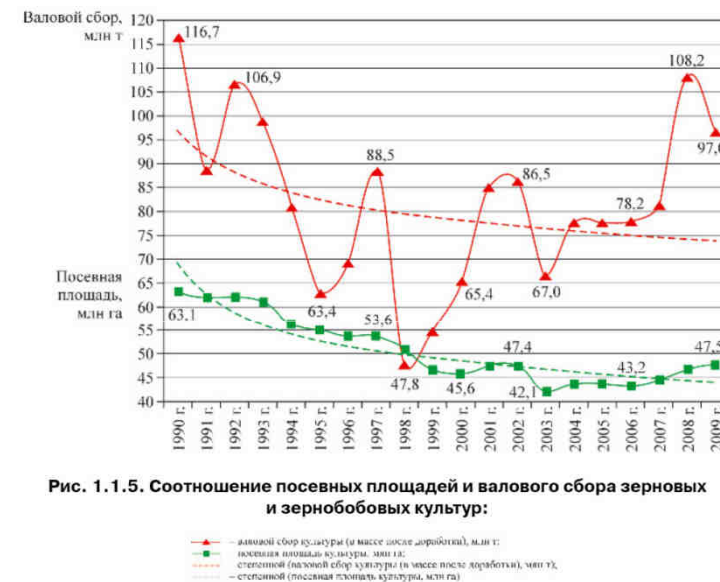


Рис. 1.1.5. Соотношение посевных площадей и валового сбора зерновых и зернобобовых культур:

—▲— валовой сбор культуры (в массе после доработки), млн т;  
—■— посевная площадь культуры, млн га;  
—▲— валовой (валовой) сбор культуры (в массе после доработки), млн т;  
—■— естественной (посевная площадь) культуры, млн га

The ratio of cultivated area and gross grain harvest and grain legumes

6. Agribusiness state support (2011, up to 170 mln RUB)

# Thank You!

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