

# EARLY DISCLOSURE

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The following information will be published on the AGR13 website 30 days prior to final signature of the contract.

Transaction name	Sustainable crop production on degraded pastureland
Publication date	22 November 2021
Sector	Crop production
Country and region	Goiás state, Brazil
Deal overview	<p>The client is an established producer of grains, oilseeds (partially for the seed industry), cotton and beans on 26k ha of land in the states of Minas Gerais, Tocantins, Distrito Federal and Bahia.</p> <p>The group has requested a USD 15mln / BRL 80mln loan from the Partnerbank to finance the acquisition and conversion into production of an area (~5,382 ha) in the state of Goiás. The project will be installed in areas that are currently occupied by degraded pastures, are abandoned and therefore require significant investment in improvement. Financing will be used for land preparation, input purchase, machinery &amp; equipment, infrastructure, irrigation systems powered by solar energy and forest restoration.</p>
Description of the activities	<p><b>Sustainable crop production</b></p> <ul style="list-style-type: none"> <li>Out of the 5,382 area of degraded land, the client will transform ~4,000ha into high intensive productive land for the production of soybeans, maize, beans and sorghum. The company will apply practices of minimum soil disturbance and no-till farming for 100% of the area and crop rotation in the second crop season, increasing soil cover and organic matter. As the farm was in an abandoned state, all required infrastructure will be set up. Employees will be hired, resulting in ~140 new job positions for people from local communities, who will be trained on all relevant practices and procedures.</li> </ul> <p><b>Smart irrigation</b></p> <ul style="list-style-type: none"> <li>Out of the 4,000 ha of crop land, 2,500 ha is expected to be irrigated. The company plans to implement a smart irrigation system which keeps track on irrigation performed and also records and monitor soil moisture level using soil sensors. Based on the irrigation volumes, soil moisture content and other related factors,</li> </ul>

	<p>the system adjusts the watering schedule for optimal use which will result in reduced water pollution and water wastage.</p> <p><b>Solar panels</b></p> <ul style="list-style-type: none"> <li>• The company will implement a solar panel system on the farm to power the irrigation systems and other electricity needs on the farm. With the installation of solar panels, the new acquired area will have almost 100% of energy coming from clean sources.</li> </ul> <p><b>Forest protection</b></p> <ul style="list-style-type: none"> <li>• Of the total farm area ~1,100ha (20% of total land) will be earmarked as legal reserve (net of APP's), in line with Forest Code requirements. Where necessary legal reserve will be restore using seedlings of native trees.</li> </ul>
Expected impact	<p><b>Forest protection and restoration</b></p> <ul style="list-style-type: none"> <li>• 1,100 ha of existing forest reserve protected in compliance with Forest code</li> </ul> <p><b>Sustainable agriculture</b></p> <ul style="list-style-type: none"> <li>• 4000ha of degraded pasture converted to crops</li> </ul> <p><b>Rural livelihoods</b></p> <ul style="list-style-type: none"> <li>• 140 new jobs created for the local community</li> </ul>
E&S risks and mitigants	<p>The company is viewed by the Partnerbank as a leading sustainability client with a strong track record. There are several potential E&amp;S risks in the proposed activity that will be further investigated during due diligence. These include:</p> <ul style="list-style-type: none"> <li>• Soil and water pollution from use of agro-chemicals: Mitigated by cultivation to seed quality and certification standards.</li> <li>• Irrigation water reduces availability for other uses: Mitigated by mandatory licensing system.</li> <li>• Labour conditions including health and safety in new construction: Mitigated by comprehensive labour law requirements</li> <li>• Certification: as AGRI3 will partially rely on certification commitments to confirm sustainability of crop production, further analysis of certification commitments will take place during due diligence</li> </ul>
Contact details of fund manager	<p>Parties can express their views on the proposed transaction to the Fund Manager by contacting <a href="mailto:info@agri3.com">info@agri3.com</a> within 30 days of the publication date of the notice.</p>