

EARLY DISCLOSURE

The following information is published on the AGR13 website 30 days prior to closing of the AGR13 participation.

Transaction name	Degraded pastureland restoration for crop production and forest conservation
Publication date	10 November 2021
Sector	Crop production
Country and region	Goiás state, Brazil
Deal overview	<p>The Group is headquartered in Goiás state and has existing production of soybean and maize seeds as well as vegetables on 9.000ha of land. In order to expand its production to a second location the Group has acquired a property of 8,000ha in an area 300km from their existing location. This area is former pastureland that has been degraded due to use during the past 20 years in an extractive way with low technology and low productivity.</p> <p>The Group has requested a 10 year facility of USD 13mln supported by an AGR13 participation to finance this expansion.</p>
Description of the activities	<p>Pastureland renovation for crop intensification</p> <ul style="list-style-type: none"> ○ Crop production: The Group intends to transform 4,187ha of the degraded land into high intensive and productive land for the production of soybeans for the seed industry, maize for the seed industry, potatoes for the industry and onions for the fresh market. This transformation of the degraded area into productive land requires extensive investment in land preparation, soil correction, increase of organic matter and crop production management. ○ Irrigation: Majority of the new expansion area is intended to be irrigated using reservoirs and a high-tech pivot irrigation system, which will result in higher production per ha as it allows for second crop production during the dry winter season. ○ Precision agriculture: Agricultural production will be based on modern agricultural principles, including precision agriculture and intelligent irrigation and will be (partially) certified based on GlobalGap certification. On the new site also a research station will be created to test new cultivars, hybrids and farming techniques. <p>Forest recovery and protection:</p> <ul style="list-style-type: none"> ○ 50% of the area of the new property will be maintained as reserve, of which 20% is the minimum legal reserve required for the Forest Code, 5% is APP area and 25% is excess reserve. The preservation

	<p>activity is part of the Group’s conservation philosophy, which means that for every productive hectare, also a hectare of reserve is maintained. The group intends to relocate and restore some of the existing reserve areas in order to optimize the organization of productive and reserve areas and will also invest in improvement of APP areas. For this a native species nursery will be set-up.</p>
<p>Expected impact</p>	<p>Forest protection and restoration</p> <ul style="list-style-type: none"> • Protect and restore 419 ha of permanent preservation area • Protect 1675 ha Legal Reserve (20% total area) • Protect 2095 ha additional forest (25% total area) <p>Sustainable agriculture</p> <ul style="list-style-type: none"> • 4187 ha degraded pasture converted to crop production, partially certified to GlobalGap • Establishment of a research station to test new cultivars, hybrids and farming techniques for the project <p>Rural livelihoods</p> <ul style="list-style-type: none"> • The project will create 194 new jobs for first 3 years and then 134 permanent jobs on the farm plus 50 additional jobs in the vegetables processing facility who will be provided with the required training including tractor operators, silos workers, work safety, chemicals management, and others. • The project will further develop environmentally related educational activities at the local schools.
<p>E&S risks and mitigants</p>	<p>The company is viewed by the Partnerbank as a leading sustainability client with a strong track record. There are several potential E&S risks in the proposed activity that will be further investigated during due diligence. These include:</p> <ul style="list-style-type: none"> • Soil and water pollution from use of agro-chemicals: Mitigated by cultivation to seed quality and Global Gap certification standards. • Irrigation water reduces availability for other uses: Mitigated by mandatory licensing system. • Labour conditions including risk sexual harassment and health and safety in new construction: Mitigated by unionised workforce, comprehensive labour law requirements and appropriate company polices. • Completion risk for forest restoration and protection: Mitigated by restoration plan which will be developed
<p>Contact details of fund manager</p>	<p>Parties can express their views on the proposed transaction to the Fund Manager by contacting info@agri3.com within 30 days of the publication date of the notice.</p>