

ANNEX Early Disclosure

The following information will be published on the AGR13 website 30 days prior to the final Investment Committee approval of a project (IC2) and prior to final signature of the contract.

Transaction name	Integrated Crop Livestock
Publication date	25 August 2022
Sector	Cattle, soy and corn
Country and region	Goias, Brazil
Deal overview	<p>The proposed deal entails a USD 5mln facility from the partnerbank, in which AGR13 will take a non-funded risk participation. The facility will have a 10-year tenor to accommodate the investments in and conversion to more sustainable production practices.</p> <p>The company currently manages c. 135k ha of land in Goias, at the border with Mato Grosso and Tocantins, making it one of the largest farms in Brazil. Of the total area, 95k hectares are made up of pasture, and the farm supports a herd of approximately 120,000 beef cattle.</p> <p>Today's herd is 140k animals, with an average of 33k heads / year, while in the next 10 years the idea is to reach a total herd of 300k with, with 100k heads / year; while reaching a full cycle with full traceability.</p>
Description of the activities	<p>The project aims to deliver the creation of a blueprint for sustainable business practices that achieves the optimal rotation between various crops and cattle raising and balances sustainable production with protection of the environment. The client eventually aim to apply this system to ~50,000 hectares.</p> <p>The aim of the AGR13 loan is to support the transition of 3k ha of degraded pastureland to an integrated crop-livestock system (ICL) for the production of low carbon beef and improved productivity of beef and crops through the integrated system.</p> <p>The company aim to certify operations, and they are working with a range of consultancies to their overall ESG policies and performance establish a carbon baseline, such that they can quantify the additional sequestration over the next years and support their low-carbon beef claims.</p>
Expected impact	<p>Forest protection and restoration</p> <ul style="list-style-type: none"> • Approx. 32K ha. of Legal Reserve and APP already protected plus additional area of surplus legal reserve to be maintained <p>Sustainable agriculture</p>

	<ul style="list-style-type: none"> • Integration and expansion of the ICL model from beef producers, pursuing sustainable agriculture certifications to improve soils and increase yields while lowering the carbon impact • Establishing a carbon baseline with the potential to reduce GHG emissions • Increase the cattle heads / year from 140k animals and 33k head / year to 300k animals and 100k heads / year, while reaching full cycle traceability <p>Rural livelihoods</p> <ul style="list-style-type: none"> • Provide employees with training on ICL techniques
E&S risks and mitigants	<p>The company is viewed by the Partnerbank as a leading sustainability client with a strong track record. E&S aspects that will be appraised during due diligence include:</p> <ul style="list-style-type: none"> • CAR status and resolution of any outstanding issues • The sustainable agricultural practices to be applied and their roll-out • Animal welfare • E&S management system • Evaluate carbon methods
Contact details of fund manager	<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>