

Annex: Early Disclosure

The following information will be published on the AGRI3 website 30 days prior to the final Investment Committee approval of a project (IC2) and prior to final signature of the contract.

Transaction name	Sustainable Cocoa
Publication date	25 August 2022
Sector	Cocoa
Country and region	Bahia, Brazil
Deal overview	<p>The company has been in operation for last 40+ years and is amongst the largest and well-known producers in the west region of Bahia, Brazil. The group is already involved in the production of multiple crops including soy, cotton, cottonseed, corn, beans, bananas and millets for a total area of approx. 45.000 ha and seeks to diversify its production and leverage its experience to advance professionalization, mechanization and efficiency in cocoa production.</p> <p>For Agri3, the transaction entails a USD 2.14 mln unfunded risk participation within a USD 5 mln facility to finance a range of investments linked to the restoration of degraded land towards commercial production of sustainable cocoa, for area of over 300 ha (made up of 5 different tracts of land). The facility will have a 10-year tenor to accommodate cash flow fluctuations across the project's life and secure the necessary funds towards the conversion. In addition to that, towards the dissemination of sustainable agricultural practices in the region.</p>
Description of the activities	<p>The company intends to build on their technical expertise for cocoa production, which traditionally is less sophisticated equipment, and create a sustainable production system, initially with banana tree shade. It is expected that the production of cocoa to be systematic and professional, adapting seedlings to the regional environment and leading to an increase in quality and yield.</p> <p>The company aim to certify cocoa plantations to one of the highest standards, and they are working with a range of consultancies to improve their seedlings and farm plans.</p>
Expected impact	<p>Sustainable agriculture</p> <ul style="list-style-type: none">• Restoration of degraded into sustainable production of a tree crop. <p>Rural livelihoods</p> <ul style="list-style-type: none">• Training for the workforce, and dissemination of knowledge to other farmers, of improved varieties and methods of cocoa cultivation to contribute to restoring production in an area where it was formerly widespread.

E&S risks and mitigants	<p>Key risks and mitigants:</p> <ul style="list-style-type: none">• Ensuring that the production model reflects sustainable agricultural practices, e.g. as defined in Brazil or World Bank EHS Guidelines for Perennial Crop Production or through certification. This will be assessed in due diligence and TA may be available to support.• Ensuring that the company applies high standards of E&S management to its activities and operates fully consistent with Brazilian regulations. This will be assessed in due diligence and TA may be available to support.
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>