

1 DRAFT EARLY DISCLOSURE

The following information is published on the AGR13 website 30 days prior to final disbursement of the loan and guarantee.

Transaction name	Avocado & blueberry plantation
Publication date	17 November 2022
Sector	Avocado & blueberry
Country and region	Kenya, Nakuru county
Deal overview	<p>Our partner institution has requested a 50% AGR13 unfunded risk participation in a USD 9mln loan to finance the setup of a greenfield plantation of 170ha of avocado trees and 15-20ha blueberries plants (in pots in tunnels) on an existing farm area with 2 locations in Nakuru county.</p> <p>Funds will be used for purchase of plant stock, land preparation, machinery & buildings and irrigation infrastructure.</p>
Description of the activities	<p>Sponsor of the project is Kenyan group with significant agricultural and horticultural experience. The group already implements several sustainable practices in its existing operations such as rainwater harvesting, solar power generation, vermiculture, animal grazing and use of compost fertilizers. The company is committed to also include these best practices in the new farm and is interested to investigate other sustainability certifications which could further enhance the sustainable agriculture gains.</p> <p>First planting is expected to start in March 2023. Blueberries will come into production in 1-2 years and avocado in 3-4 years with full production after 5 years. Trees will have a lifespan of 25-30 years.</p>
Expected impact	<p>Forest protection and restoration</p> <ul style="list-style-type: none">• No forest impacts are included in this project <p>Sustainable agriculture</p> <ul style="list-style-type: none">• The project will plant avocado trees which will be productive for 25-30 years on an area which was previously used for annual row crops with some water logging, compaction, erosion and top-soil loss, thereby stabilising soils.

	<ul style="list-style-type: none"> • Trees will be planted vertically on the slopes to allow for the flow of water from the drip irrigation away from the roots into the dambo wetland areas. • Production will be based on agricultural standards, initially Global Gap, however the project plans will exceed the standards in many areas including optimal rainwater and floodwater harvesting, composting of crop waste with manure from roaming sheep (who also manage grass and weeds on site), vermiculture (to produce 'worm tea' for fertigation and added nutrients for compost), grass cover between trees, indigenous tree planting and conservation of surrounding dambo wetland areas. <p>Rural livelihoods</p> <ul style="list-style-type: none"> • Project is expected to have a positive impact on rural livelihoods by providing permanent employment to ~300 workers and seasonal employment to a further ~1,000 workers in a rural area, plus worker training and skills development. The company is also considering to develop an outgrower program as well as an apiculture program for surrounding employees and communities.
E&S risks and mitigants	<p>The company is viewed by the partnerbank as a leading sustainability client with a track record of very positive reviews and adherence to best practices.</p> <p>For this project there are several potential E&S risks, that will need to be investigated further in due diligence. These include:</p> <ul style="list-style-type: none"> • Water risk – to be mitigated by company's plans to predominantly use rainwater and floodwater harvesting techniques, supplemented by boreholes, and to use drip irrigation and fertigation. • Country risks – corruption, state fragility, low climate change adaptation, human rights abuses • Sector specific risks - child labour mitigated by human resources policies and procedures, water management/consumption mitigations as detailed above, crop theft to be mitigated by the presence of security and fencing of the farm areas. • Project specific risks - biodiversity and wetland management, water management/consumption, animal grazing (could include indigenous tribes) and social/community issues both to be mitigated through strong community relations and dialogue.
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>