



PRESS RELEASE

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**\$82m investment by private equity firm
to accelerate farmland transformation in Brazil**

Agrifirma Brazil, the privately owned farmland development company, has today announced an agreement to enter into a joint venture with Brasil Agronegócio FIP, a private equity fund managed by BRZ Investimentos, one of Brazil's largest independent asset management firms, to accelerate the development of a land transformation programme in Brazil.

As part of the transaction the fund will commit R\$130m (approximately \$82m) of fresh equity capital to acquire a majority controlling stake in a joint venture company, Agrifirma Brasil Agropecuária Ltda ("ABA"), incorporated in Brazil. The two partners in the joint venture expect to obtain a listing for the shares of this jointly owned company on the Brazilian stock exchange in the next few years.

Approximately half of Agrifirma Brazil's existing assets, including all its holdings of transformational land, are being consolidated into ABA, currently a wholly owned subsidiary of Agrifirma Brazil Ltd. FBA will invest R\$130 million (\$82m) for a majority controlling shareholding in ABA, which already employs the majority of Agrifirma's experienced farmland management team.

Julio Bestani, a co-founder and CEO of Agrifirma Brazil, will become the CEO and a director of the new joint venture. The board will be chaired by Ian Watson, one of the founders of Agrifirma Brazil, and will include three independent non-executive directors and two representatives of FBA. Five of the seven directors will be Brazilian. The company's head office will be in Sao Paulo.

The R\$130m injection of capital by the Brasil Agronegócio FIP will enable the joint venture to accelerate its farmland development programme over the next three years while remaining fully compliant with the many Federal and State Government regulations which govern the acquisition and operation of farmland in Brazil. ABA intends to seek additional acquisitions of land that are suitable for its proven transformation methods.

Following the transaction, Agrifirma Brazil will change its name to Genagro Ltd. In addition to its minority shareholding in ABA, Genagro will retain direct ownership of one fully developed farm in Brazil, plus cash, inventories and other financial assets totalling approximately \$52 million. The Board of Genagro intends to investigate opportunities to make additional investments in the agricultural sector in countries outside Brazil and in due course expects to launch its own IPO. The transaction and change of name were approved by its shareholders on 31 August 2011.

Commenting on the transaction, Ian Watson, the Chairman of Agrifirma Brazil, said: "We are delighted to be entering into partnership with one of Brazil's most successful and prestigious investment houses. Their investment in ABA is a big vote of confidence in our business model and management team and enables the joint venture to press ahead at full speed with development of its farmland portfolio. It will also pave the way for further acquisitions and the listing of both companies".

"Agriculture is a important engine for economic development in Brazil and contributes a significant portion of GDP, employment, and foreign exchange earnings," said Ricardo Propheta, co-head of private equity at BRZ Investimentos. "Increasing our portfolio with Agrifirma is a vital part of Brasil Agronegócio FIP's strategy to support agribusiness development and bring the best results for our clients".

FURTHER INFORMATION

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NOTES TO EDITORS

Brasil Agronegócio FIP is a R\$ 840m (\$522m) private equity fund focused on the entire agribusiness value chain. Its investors include a number of leading Brazilian banks and pension funds. The general partner of the fund is BRZ Investimentos, a leading independent asset management firm in Brazil.

Agrifirma Brazil was incorporated in February 2008 to acquire undeveloped land in Brazil with the objective of transforming it into high quality, productive agricultural land. Agrifirma Brazil's investors include RIT Capital Partners plc and other Lord Rothschild interests. The Company has raised a total of US\$189 million from investors and acquired a land portfolio of 41,980 hectares (approximately 100,000 acres) in Western Bahia, with an option to acquire a further 27,029 hectares.

Location of Agrifirma Brazil's Farmland Developments



The farms owned and operated by Agrifirma Brazil are located in the western reaches of the state of Bahia, approximately 650 km north of the Federal capital of Brasilia, 850km west of the port of Salvador and 1200 km from the rainforest region of Amazonia. The farms are Rio do Meio (12,337 hectares), Arrojadinho (12,059 hectares), Campo Aberto (5,919 hectares) and Bananal (11,893 hectares). The Company also has an option to acquire the remaining 27,029 hectares of the Bananal property on or before March 2012. Agrifirma Brazil is retaining ownership of Campo Aberto, while the other three farms will be owned by the joint venture company ABA.

By applying technology developed by Embrapa, the Brazilian agricultural research agency, this land can be transformed within 3-4 years into productive arable land to help satisfy the world's growing demand for food and animal feed. In the 2011-12 season, the company expects to harvest coffee, cotton, soya and maize from a total of more than 16,000 planted hectares.

Licences for farmland development in Brazil are only issued if a company can demonstrate its commitment to observing strict environmental and social obligations. These include a requirement to set aside, without compensation, between 20% and 33% of the land for permanent preservation. Agrifirma Brazil operates a sustainable farming policy, with extensive use of no-till methods designed to minimise carbon emissions. An article in the *Financial Times* in 2010 named Agrifirma Brazil as one of a new generation of modern farming companies whose business model involves bringing new standards of governance to the farms it buys and applying those standards as it opens new areas for farming. In April 2011 Agrifirma Brazil's Campo Aberto farm received an award from the Brazilian Coffee Industry Association for its environmentally sustainable farming methods in Brazil.

Through the efforts of its farmland management team, led by CEO Julio Bestani and COO Rodrigo Rodrigues, Agrifirma Brazil has obtained a number of licences from the authorities in Bahia and is in the process of developing 11,526 hectares at its Arrojadinho and Rio do Meio farms for the production of soybeans and corn. The Company has been granted preliminary approval for the further development of 26,078 hectares at Bananal. The Campo Aberto farm is already fully developed, producing cotton, coffee, soybeans and corn.

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