



AGRIFEX

AGRIFEX REPORT

Main investments, sales, mergers and
acquisitions in Agro

Q1 - 2021

In **Agrifex** we provide financial advisory services with an exclusive focus on Agro.

We focus on two main axes: Corporate Finance and Capital Markets; on which we comprehensively address the Investment and Financing dimensions.

With a boutique profile, we provide tailor-made solutions for each of our clients. Among them, we have worked for investment funds, family offices, individual investors and agricultural companies.

M&A services are enriched by a representation agreement in South America from **Verdant Partners LLC.**



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The **AGRIFEX Q1-2021 REPORT** summarizes the main investments, sales, mergers and acquisitions of the Agricultural sector in Argentina during the first quarter of 2021. The circulation is carried out quarterly to develop relevant information. The document consists of three sections:

Investments: In addition to the capital disbursements presented, it may include financing announcements through bank loans.

Capital Market: It exposes the sector's issues in stock market financing instruments

Sales, Mergers and Acquisitions: Along with local transactions, it presents some of the main transactions in the global sphere.

INVESTMENTS

- **Econovo** will make an investment of US\$ 2.5 MM to nationalize an Indian tractor. Under the **Farmtrac Argentina** firm, they plan to nationalize 60% of their components. The firm allied with the Indian company **Escorts Group** seek to be the representative in the region in low power tractors.
- **Ucrop.it** announced that they will invest US\$ 1.1 MM. The AgTech start-up has focus on Blockchain technology in agriculture where farmers can digitalize and register different stages of the production, harvest and commercialization.
- **Trivento** expands and seek to invest more than US\$ 11 MM for the 2021/2022 period to purchase a winery in Mayor Drummond, Lujan de Cuyo.
- **Tomorrow Foods** announced an investment of US\$ 3.5 MM to install an industrial plant in Jose Leon Suarez, Buenos Aires province. It will have a research center in vegetables proteins, a laboratory and an industrial plant that will be finished by 2021.
- **Dow** agreed with **Asociacion de Cooperativas Argentinas (ACA)** the local manufacture of an innovative plastic resin from recycled packaging. The multinational will invest US\$ 400.000 for recycling projects, including training and labour inclusion of urban recyclers in Latin America.

CAPITAL MARKET

Corporate Bonds

- **Ricardo Venturino SA** successfully issued its Class 1 Corporate Bond in argentine pesos. The amount is AR\$ 120 MM and the issuance was under the Guaranteed SME regime. The rate is Margin + BADLAR and the initial annual nominal rate of 34%. The term is 17 months.
- **S.A. San Miguel A.G.I.C.I. y F.** issued its Corporate Bond Serie V Class A and Serie V Class B. Both in Dollar Linked with a fix rate of 0% and 4.99%. The amount was US\$ 15 MM and US\$ 45 MM with a term of 12 y 37 months respectively.
- **Comercial y Ganadera del Nirihuau SA** with its Corporate Bond Serie I in AR\$ obtained 150 MM under the Guaranteed SME regime. With a Margin + BADLAR rate, the Annual Nominal Rate of 33.88% and the term of 18 months.
- **Red Surcos SA** issued its Corporate Bond Serie V in Dollar Linked for US\$ 3 MM. The rate is fixed at 7.48% and a term is 21 months.

Financial Trusts

- **Red Surcos** launched its Financial Trust Red Surcos XII for AR\$ 277 MM. The rate is Margin + BADLAR, with an initial TNA of 35% and an Internal Rate of Return of 41.91%. The terms of the FT is 8 months. They also launched Red Surcos XIII. The amount is AR\$ 287 MM. The rate is Margin + BADLAR. The initial annual nominal is 35,19% and the Internal Rate of Return is 32.48%. The term of the Financial Trust is 7 months.
- **Agrofina SA**, launched Agrofina XXI for US\$ 7,5 MM. The rate is fixed being of 3%. The internal rate of return is 3% and the term of 8 months.
- **Hector A. Bertone SA**, launched Hab II for US\$ 5,5 MM. The rate is fixed at 3% over a period of 13 months.
- **Speedagro SRL** launched its Financial Trust Speedagro III for AR\$ 176 MM. With a Margin + BADLAR rate, the initial TNA is 35,19% and the internal rate of return is 35%. The term of 12 months.

SALES, MERGERS and ACQUISITIONS (M&A)

Global Scope

- **Secobra Recherches** announced the acquisition of **Sem-partners** activities. The last one will provide know-how of organic agriculture, green energy, oil crops, plant cover and species that contribute to efficient and sustainable agriculture.
- **Illinois Fundation Seeds, Inc** (IFSI) acquired **D&D Seed Co.** a leading beet and chard seed company. IFSI will integrate the distribution operations of the new acquisition into the sweet corn business unit.
- **Ukko** a biotech company focus on eliminating food allergies and sensitivities, announced a Series B for US\$40MM. The new funding lead by **Leaps by Bayer** will allow the Israeli company to research gluten proteins and peanut allergies.
- **Arcadia Biosciences, Inc.** announced agreements with institutional investors and agreed to emit warrants for five years. The company that focus on improving the quality, nutritional value of crops and food ingredients, expects an income of US\$ 25.1 MM.
- **BioPhero** raised US\$ 17 MM in Serie A funds led by **DCVC Bio** with the participation of investors such as **FMC Ventures, Syngenta Group Ventures y Novo Holdings**. The company, whose mission is to replace chemical insecticides with biological pheromones from insects, will use the new funds to increase production, allowing producers to produce in quantity & quality with an appropriate price.
- **Santa Fe Farms** acquired **High Grade Hemp Seed**. This will maximize their cannabis production. The leading company in the development, production and distribution of cannabis products announced the new investment to strengthen their portfolio and take the company to a global scale.
- **Rob-See-Co** acquired **NorthStar Genetics** seeds company. The acquisition will expand the soybean and corn market. They look forward to work with Northstar's distributors and continue selling through 2021.
- **Hancock Natural Resource Group (HNRG)**, based in Boston, announced the acquisition of a majority stake in **David Del Curto SA (DDC)** a leader Chilean fruit production, packaging and export company. This agreement is aligned with the objective of achieving the strategic growth in the region.

- The firm **Astarte Capital Partners** and the Stockholm company of management and forestry development **SilviPar AB** team up to launch **SA Impact Forestry Fund (SAIFF)**, a new found dedicated to sustainable forestry, with an initial focus in Paraguay. Both sides committed to participate with US\$ 30 MM, the first one with seeds capital and the second one with assets. The objective is to acquire, develop and manage low productivity agricultural lands that are suitable for afforestation.
- **Cargill** announced the acquisition of **Precision Ag**, a Canadian agricultural retailer. Precision Ag is an agricultural inputs company founded in 1994 that provides crop nutrition, crop protection and seeds. It has operated as a JV with Cargill for 22 years.
- The leading mineral and chemical products company **ICL** announced the acquisition of **Compass Minerals America do Sur SA** for US\$ 402 MM. The main Plant Nutrition business in South America is in Brazil and offers a wide range of solutions for plant nutrition and stimulations.
- **Syngenta** will invest US\$ 230 MM in China. The Swiss agrochemical company, recently acquired by ChemChina, announced that it will build a research and development center (R&D) that will enter into biological products for crop protection, digitalization and big data for agriculture.
- **DVA Agro** announced investments for US\$ 100 MM in Brazil. The German company specialized in crop protection, plant nutrition and adjuvants seek to develop its own line of products for Brazilian agriculture.

Local Scope

- **Grupo Arcor** agreed with the American company **Ingredion Incorporated** to create a new partnership for food and drink industry. The Argentine company will have 51% of the share package and estimates an annual turnover of US\$ 300 MM.
- **Bioceres** and the Mexican company **Nature Source Improved Plants** singed a research and services agreement to design and establish an accelerated improvement for HB4

soybeans in the United States. This agreement allows the Argentinean company to develop faster than expected in the second soybean market.

- **Cresud** subscribed an 18% increase on its capital which they plan to rise from a base of US\$ 45 MM. The company announced a capital increase up to 90 million shares.
- **Bioceres Corp Solutions Corp.** announced that it is going to subsidize **Rizobacter Argentina SA** with a public offering of Serie V corporate bonds for \$ 26 MM in the Argentinean market. The earnings will be used to support working capital, reduce financing costs, extend debt maturities and for general corporate purposes.

REPORT SUMMARY

The **AGRIFEX REPORT Q1-2021** shows a sustained trend of investments towards traceability and sustainability in agricultural companies. This can be seen in the investments that Ucrop.it is making in blockchain technologies to guarantee traceability, or in the research work carried out by Tomorrow food so that foods of plant origin emulate the flavor and texture of animal protein.

At the international scope, Hancock Natural Resource Group (HNRG) investment in David Del Curto SA (DDC), a leading Chilean company in the production, packaging and export of fruits, stands out. This confirms the group's decision to develop in the region as an originator of primary products.

Within the local Capital Market, the active presence of Red Surcos stands out. Which continues operating the Corporate Bond Serie V for US\$ 3 MM dollar linked and in a Financial Trust Red Surcos XII for \$277 MM (margin + BADLAR).

Continuing with the global pandemic, this report shows again that the transactions continue despite it, and there is a progressive focus towards productions more sustainable, where there is still much more to innovate and consolidate.



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