

MATERIAL FACT

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BUSINESS COMBINATION OF SLC AGRÍCOLA AND TERRA SANTA AGRO

SLC Agrícola S.A. (B3: SLCE3; ADR's: SLCJY; Bloomberg: SLCE3: BZ; Refinitiv: SLCE3.SA) ("SLC") and **Terra Santa Agro S.A.** (B3: TESA3; Bloomberg: TESA3: BZ; Refinitiv: TESA3 .SA) ("Terra Santa"), pursuant to Law No. 6,404/76 and CVM Ruling No. 358/02, inform its respective shareholders, the market in general and other interested parties, that, in continuity with the Material Fact released on November 26, 2020 and the Notice to the Market released on January 7, 2021, on this date, SLC and Terra Santa ("Companies"), as well as TS Agro S.A. ("TS Agro"), TS Brasil S.A. ("TS LandCo"), SLC Participações S.A. ("SLC Shareholder") and Bonsucex Holding S.A., Demeter Fundo de Investimento em Ações, Demeter II Fundo de Investimento em Ações Investimento no Exterior and Silvio Tini de Araújo ("Terra Santa Shareholders"), Gávea Macro Master Fundo de Investimento Multimercado, Gávea Macro Dólar Master Fundo de Investimento Multimercado, Gávea Macro II Master Fundo de Investimento Multimercado, Gávea Macro Plus Master Fundo de Investimento Multimercado and Bradseg GIF IV Fundo de Investimento Multimercado – Investimento no Exterior ("Gávea Funds" and, together with the Terra Santa Shareholders and SLC Shareholder, the "Shareholders") entered into an Association Agreement and Other Covenants ("Agreement"), pursuant to which the terms and conditions for the implementation of the combination of SLC businesses with the agricultural operation of Terra Santa (excluding land and improvements), by means of a merger of Terra Santa shares into SLC, in accordance with articles 252, 224 and 225 of Law No. 6,404/76 ("Merger of Shares" or "Operation").

The business combination will enable greater value generation for the shareholders of both Companies, optimizing results, considering the synergies and improvement in the capital structure, enabling an increase in production, cost reduction and the consequent increase in the supply of food and fibers, produced in a sustainable manner on mature farms located in Mato Grosso.

Considering the adjustments defined in the Agreement, the total amount attributed to the agricultural operation of Terra Santa (excluding the value of the land and improvements) is equivalent to BRL 550,000,000.00 (five hundred and fifty million Brazilian reais), added by approximately BRL 203,000,000.00 (two hundred and three million Brazilian reais) of other assets, totaling approximately BRL 753,000,000.00 (seven hundred and fifty three million Brazilian reais), which reflect the calculation of working capital, fixed assets and certain other assets. The exchange ratio for the Merger of Shares considers a net equity value of BRL 65,000,000.00 (sixty-five million Brazilian *reais*), the remainder being equivalent to the assumption of debt and/or cash, as the case may be and determined by the variation in the balance of such accounts until closing of the Operation.

The main terms of the Operation are described below:

1. Corporate Reorganization

In preparation for the intended Operation, Terra Santa will implement a corporate reorganization ("Corporate Reorganization") to:

(a) transfer from Terra Santa to TS Agro of the shares of TS LandCo, all real estate assets, assets, obligations, liabilities and rights to be segregated (especially rural properties and corresponding improvements), not included in the perimeter of the Operation; and

(b) implement a capital reduction of Terra Santa, by means of the delivery of TS Agro's shares to its shareholders, to be consummated simultaneously to the implementation of the Operation.

As part of the Corporate Reorganization, TS Agro must obtain the publicly-held company registration in category A of issuers before the CVM and be listed in the B3 "*Novo Mercado*" segment.

The Corporate Reorganization must be implemented before the closing of the Operation and will be fully consummated simultaneously to the implementation of the Operation.

Additionally, on the Closing Date, Terra Santa will enter into rural lease agreements with TS LandCo, with an initial term of 20 years and prices under market conditions.

2. Exchange Ratio

Subject to the terms and conditions provided in the Agreement, on the consummation date of the Merger of Shares ("Closing Date"), a total of 2,516,454 (two million, five hundred and sixteen thousand, four hundred and fifty-four) common shares will be issued by SLC and attributed to the shareholders and holders of Subscription Warrants of Terra Santa, which will represent on the Closing Date, on a fully diluted basis, 1.3% (one point three percent) of the total and voting share capital of SLC ("Final Equity").

For purposes of determining the Exchange Ratio, the SLC share was evaluated at BRL 25.83 (twenty-five Brazilian *reais* and eighty-three cents) per share, which was determined based on the volume-weighted average price ("VWAP") in the last 60 (sixty) trading sessions of B3 prior to November 26, 2020.

In the event of the implementation of redemption, split, reverse split, share bonus or any other event that impacts the premises considered by the parties for the determination of the Final Equity, the exchange ratio will be adjusted so that the Merger of Shares results in the Final Equity.

3. Subscription Warrant

Regarding the subscription warrants issued by Terra Santa ("Subscription Warrant"), in preparation for the Merger of Shares, Terra Santa must hold, prior to the Closing Date, a General Shareholders' Meeting for the approval of any changes to its terms and conditions, in order to facilitate its exercise, as well as to approve the cancellation and replacement of the Subscription Warrants not exercised by SLC shares under the Merger of Shares. Possible changes include:

- (i) the possibility of adjusting the exercise price, calculated as follows:

$$\text{Adjusted Exercise Price} = \text{Original Exercise Price} - \text{Discount}$$

Discount = BRL 1.57, this discount being calculated by the difference between (a) the VWAP of TESA12 and (b) the VWAP of TESA3 subtracted the Original Exercise Price, in both cases considered the last 60 (sixty) trading sessions of B3 prior to this date

considering that VWAP TESA 12 is BRL 17.41 (seventeen Brazilian reais and forty one cents) and VWAP TESA3 is BRL 29.35 (twenty nine Brazilian reais and thirty five cents)

- (ii) the delivery of its Subscription Warrants and receipt of a number of Terra Santa shares without the need to pay the exercise price, calculated as follows:

Number of Terra Santa Shares = Subscription Warrant Number x 0.5933, this multiplier being calculated based on the ratio between the VWAP of TESA12 and the VWAP of TESA3 in the last 60 (sixty) trading sessions of B3 prior to the present date.

considering that any fractions will be paid in cash, considering the same ratio and VWAP indicated above

As a result of the Merger of Shares, under the terms of the Agreement, the Subscription Warrants remaining on the Closing Date shall be cancelled and replaced by a number of SLC shares, calculated as follows:

Number of SLC Shares = Number of Subscription Warrant x 0.4606, this multiplier being calculated based on the ratio between the VWAP of TESA 12 and the VWAP of SLC3 in the last 60 (sixty) trading sessions of B3 prior to the present date.

Alternatively, if there is any holder of a Subscription Warrant that does not agree to become a shareholder of SLC, due to the cancellation and replacement of their respective Subscription Warrant for shares of SLC, such holder will have a certain period as of the general meeting mentioned above to request that, when the Merger of Shares is consummated, SLC sells at the price of B3 on such date, jointly with any fractions of shares issued by SLC arising from the Merger of Shares, the shares to which such holder would be entitled to, and deliver the proceeds net of fees to the aforementioned holder that so requested.

If the cancellation and replacement of the Subscription Warrants described in the items above result in possible fractions of shares of SLC, the Protocol and Justification for the Merger of Shares shall provide for such shares to be grouped in whole numbers to be subsequently sold in the market on demand, managed by B3, after the consummation of the Merger of Shares, pursuant to the notice to shareholders to be disclosed in due course by the management of SLC. The amounts earned in such sale will be made available net of fees to the holders of Terra Santa's Subscription Warrants of the respective fractions, proportionally to their participation in each share sold.

The Terra Santa Shareholders have committed, under the terms of the Agreement, to, before the consummation of the Merger of Shares, exercise all rights related to their respective

Subscription Warrants, subject to the terms described in item (i) above, in order to receive the equivalent Terra Santa shares prior to the conclusion of the Corporate Reorganization.

4. Shareholders' Approval, other Conditions Precedent and Approval by Antitrust Authorities

The Operation is subject to the obtainment of the approval by the Companies' shareholders at their respective general shareholders' meetings, as well as the verification of other certain customary conditions precedent for operations of this nature ("Conditions Precedent").

According to the Notice to the Market released on January 7, 2021, the Operation was approved, without restrictions, by CADE – Administrative Council for Economic Defense (*Conselho Administrativo de Defesa Econômica*).

5. Shareholder Voting Commitment

The Shareholders expressly agreed, irrevocably and irreversibly, to participate in their respective General Shareholders' Meetings to be convened in due course, and to vote for the approval, without restrictions, of the Operation and other matters related to the Operation, as applicable, in accordance with the terms and conditions provided for in the Agreement.

6. Indemnification

TS LandCo and TS Agro, as guarantors and beneficiaries of certain obligations of the Agreement, as of the Closing Date, have agreed to indemnify, defend and hold SLC and its affiliates (including Terra Santa, after Closing) harmless against losses arising from or related to certain acts, facts, omissions, events and/or circumstances detailed in the Agreement. The Agreement also provides that such companies will be entitled to the net value of certain contingent assets that may be received by Terra Santa. On the other hand, SLC has agreed to indemnify, defend and hold Terra Santa (before Closing) or TS Agro and TS LandCo (after Closing) and its affiliates harmless against losses arising from or related to certain acts, facts, omissions, events and/or detailed circumstances in the Agreement.

7. Non-Compete and Non-Solicitation

TS LandCo and TS Agro have undertaken, directly or through an intermediary person, by themselves and their subsidiaries, for the period of 5 (five) years after the Closing Date, certain

restrictions of non-competition and non-solicitation. On the other hand, SLC has undertaken to directly or through an intermediary person, by itself and its subsidiaries, for a period of 5 (five) years after the Closing Date, certain non-solicitation restrictions.

8. Break-up Fee

If the Agreement is terminated, as a result of willful misconduct or any other act or omission in bad faith by the other party, as a form of compensation for any loss suffered by the innocent party in relation to the preparation, negotiation and public announcement of the Merger of Shares and the Agreement, the defaulting party will pay the innocent party a fixed-rate fine of a compensatory nature, in the total amount of BRL 200,000,000.00 (two hundred million Brazilian *reais*), corrected by the positive variation of the IPCA.

9. Right of Withdrawal

As provided for in articles 252, § 2 and 137, § 1 of the Brazilian Corporation Law, the right of withdrawal will be guaranteed to shareholders of SLC and Terra Santa that do not vote in favor of the Merger of Shares, that abstain from voting or that do not attend to the relevant Extraordinary General Meeting, and who expressly manifest their intention to exercise the right of withdrawal, within 30 (thirty) days as of the date of publication of the minutes of the Extraordinary General Meeting that approves the Merger of Shares. The right of withdrawal, with the consequent payment of reimbursement, will only be ensured in relation to the shares issued by SLC and Terra Santa of which the shareholder was, evidently, holder since the closing of the trading session of March 25, 2021 and maintained by the shareholder, without interruption, until the date of the effective exercise of the right of withdrawal.

Dissenting shareholders of SLC will be entitled to a refund of their shares, to be calculated based on the equity value of SLC's share on December 31, 2020, according to SLC's financial statements to be approved at the Annual Shareholders' Meeting to be held in April 29, 2021, without prejudice to the drawing up of a special balance sheet, pursuant to the applicable legislation.

Dissenting shareholders of Terra Santa will be entitled to a refund of their shares, to be calculated based on the equity value of Terra Santa's share on December 31, 2020, according to Terra Santa's financial statements to be approved at the Annual Shareholders' Meeting to be held in April 22, 2021, without prejudice to the drawing up of a special balance sheet, pursuant to the applicable legislation.

10. Withholding IRRF

In the case of non-resident shareholders holding Terra Santa shares, in which the Withholding Income Tax (*Imposto de Renda Retido na Fonte* or “IRRF”) will be withheld on the eventual capital gain incurred on the Merger of Shares, pursuant to article 21, § 6 of Normative Instruction RFB 1.455/14, as amended by Normative Instruction RFB 1.732/17, SLC reserves the right to: (a) withhold the IRRF related to the eventual capital gain of the non-resident shareholder of Terra Santa who does not submit, directly or through their custody agents, until the date set in a notice to shareholders to be released in due time, documentation evidencing the average cost of acquisition of their shares of Terra Santa that demonstrate the inexistence of taxable capital gain; (b) demand any IRRF amount from such shareholder; and (c) in the event of default by such shareholder, compensate the amount of the IRRF eventually collected by the company on behalf of the non-resident investor with any credits held against the foreign investor, including, without limitation, the value of any dividends, interest on equity and other earnings that may be declared and/or paid by SLC at any time.

Access to Information and Documents

The Agreement and the presentation of the Operation will be made available to the respective shareholders of the Companies, in accordance with the applicable law and regulation, on the SLC Investor Relations websites (<http://ri.slcagricola.com.br/>) and Terra Santa’s (<http://ri.terrasantaagro.com/>).

The Protocol and Justification for the Merger of Shares, the appraisal report related to the capital increase of SLC resulting from the Merger of Shares and the other relevant documents to be submitted to the deliberations of the Extraordinary General Meetings of both Companies, including the information required under the terms of CVM Ruling No. 565, of June 15, 2015, will be disclosed in due time when the General Shareholders’ Meetings of the Companies are called.

Advisors

Morgan Stanley Bank acted as exclusive financial advisor to SLC and Itaú BBA and Bradesco BBI acted as exclusive financial advisors for Terra Santa. The law firms Pinheiro Neto Advogados and Mattos Filho, Veiga Filho, Marrey Jr. and Quiroga Advogados are acting as legal advisors to SLC and Terra Santa, respectively.



The Companies undertake to keep their respective shareholders and the market informed of subsequent facts related to the Operation, pursuant to the law and CVM regulations.

Porto Alegre, March 25, 2021.

São Paulo, March 25, 2021.

Ivo Marcon Brum

Chief Financial and Investor Relations Officer

SLC Agrícola S.A.

Alexandre Segadilha Adler

Chief Financial and Investor Relations Officer

Terra Santa Agro S.A.