



## MATERIAL FACT

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### POTENTIAL BUSINESS COMBINATION WITH TERRA SANTA AGRO S.A.

**SLC Agrícola S.A.** (BM&FBOVESPA: SLCE3; ADR's: SLCJY; Bloomberg: SLCE3:BZ; Reuters: SLCE3.SA), ("SLC Agrícola", "Company"), pursuant to Law No. 6,404/1976 and CVM Ruling No. 358/2002, informs its shareholders and the market in general that signed, on this date, a non-binding Memorandum of Understandings ("Memorandum") with Terra Santa Agro S.A. ("Terra Santa") (B3: TESA3; Bloomberg: TESA3:BZ; Refinitiv: TESA3.SA) which sets forth indicative premises, terms and conditions for a transaction in which the Company would assume the agricultural operations of Terra Santa through the merger of Terra Santa shares into SLC Agrícola, in accordance with articles 252, 224 and 225 of Law No. 6,404/76 ("Merger of Shares").

In preparation for the intended business combination, Terra Santa intends to perform a corporate restructuring aimed at segregating assets and liabilities linked to rural properties and corresponding improvements to a new corporation to be formed, registered as a publicly-held company and listed on the Novo Mercado of B3, which shares will be held by Terra Santa shareholders ("Terra Santa LandCo"), and that will not be included in the transaction. As part of the transaction, Terra Santa will lease the Terra Santa LandCo rural properties to SLC Agrícola.

The total enterprise value deemed to the Terra Santa agricultural operation after the corporate restructuring (excluding the land and improvements) is equivalent to BRL550,000,000.00, and the exchange ratio for the Merger of Shares shall consider an equity value of BRL65,000,000.00, the remainder being equivalent to the assumption of debt and/or cash, as may be the case and determined in the final documents of the transaction, subject to any adjustments that may be provided for in the final documents.

For the purpose of determining the exchange ratio, the share of SLC Agrícola was valued at BRL25.83 per share, which was determined based on the volume-weighted average price (VWAP) in the last 60 (sixty) sessions of B3 prior to the present date.

An exclusivity period of up to 120 calendar days, counted as from the signature date of the Memorandum was granted, so that SLC Agrícola can conduct the due diligence process and the parties and consenting parties can negotiate in good faith aiming at signing the final documents of the transaction.

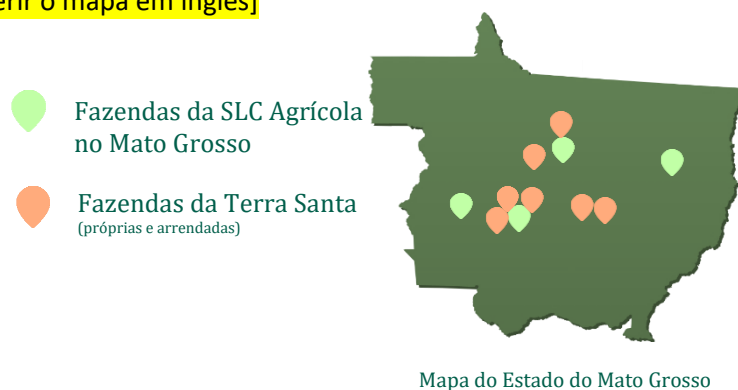
The terms of the Memorandum were negotiated independently by the representatives of the parties and consenting parties. In addition to the usual conditions for this type of transaction, such as the signing of the final documents, the Memorandum sets forth the following conditions for performance of the transaction:

- (i) satisfactory conclusion of a due diligence process to be conducted in Terra Santa;
- (ii) approval of the transaction by decision-making bodies of SLC Agrícola and Terra Santa, as applicable, including the respective boards of directors and general shareholders' meetings;
- (iii) conclusion of the Corporate Restructuring related to Terra Santa to segregate certain assets and liabilities; and
- (iv) consent and approval by government authorities, third parties and creditors for the consummation of the transaction.

The parties intend to submit the transaction to the approval of CADE - Administrative Council for Economic Defense in parallel to the performance of the due diligence and to the negotiation the final documents.

The business is in line and significantly accelerates the asset light growth strategy pursued by the Company, and will allow for important synergies given the proximity between the production units of Terra Santa and those of SLC Agrícola in the State of Mato Grosso. Considering the current intention of planting area for the 2020/21 crop released by Terra Santa, there is potential for an increase of approximately 130 thousand hectares to the Company's planting area.

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#### Additional Information

Additional information with regards to the Merger of Shares required under the terms of CVM Ruling No. 565/15, as well as regarding the possible right of withdrawal of the dissenting



shareholders of the two companies shall be disclosed in due course through a material fact, if and when the transaction final documents are signed and the call notice for the Extraordinary General Meetings of the Companies are made available.

#### Advisors

On the transaction, Banco Morgan Stanley S.A. is acting as exclusive financial advisor to SLC Agrícola, and the law firm Pinheiro Neto is acting as legal advisor.

SLC Agrícola will keep its shareholders and the market in general informed about the progress of the transaction, in accordance with CVM law and regulation.

Porto Alegre, November 26, 2020.

**Ivo Marcon Brum**

CFO & IRO