

# FERROGRÃO RAILWAY



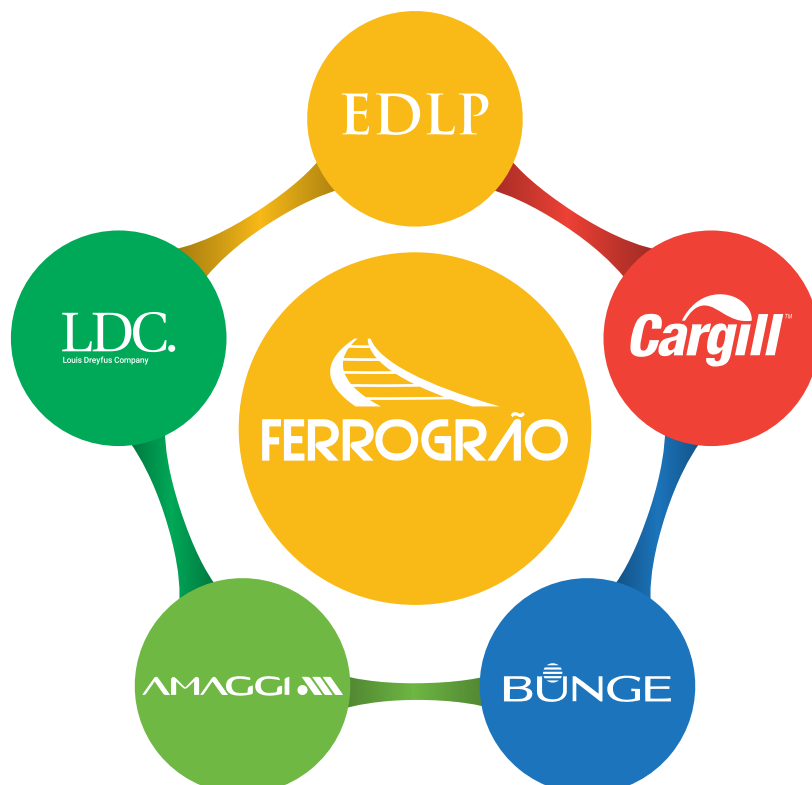
VERITASAGRO

LAND DEVELOPERS

## POSITIVE INVESTMENT OUTLOOK

The most desired agribusiness railway for the flow of the Midwest grain is one step closer to becoming a reality, due to a concession agreement that will be signed in 2016. The trading companies Cargill, Bunge, Louis Dreyfus Commodities and Amaggi, associated with business structuring company EDLP, already delivered to the federal government its proposal for Expression of Interest (PMI) for the construction of the railway stretch between the cities of Sinop in "Mato Grosso" state and Miritituba in Para.

The railway, called "Ferrogrão" by the trading companies of the consortium was included in the second phase of the Logistics Investment Program (LIP 2), after agribusiness pressure. With an estimated cost of R\$ 11.5 billion, 70% financed by BNDES BANK, the 930 km stretch will have the capacity to transport 30 million tons of grains (soy and corn) per year from Mato Grosso to the northern ports. For agribusiness, it is a gain and either: the estimated reduction of freight reaches 40%, depending on the market conditions.



With over 4000 pages, PMI is a detailed survey of technical, economic and environmental viability of the rail section and will form the basis for the launch of the bidding documents. Now, the document should be evaluated by the federal government and then the study will be forwarded to the Court of Audit (TCU).

"It is an important milestone for us," said Mauricio Muniz, Secretary of the Growth Acceleration Program (PAC) of the Ministry of Planning, referring to unlocking logistics agenda. They have also been filed proposals for Barcarena sections (PA) to Açailândia (MA), by Triunfo Participações, and Estrela D'Oeste (SP) to Três Lagoas (MS) by J & F, the holding company that controls JBS (animal proteins) and Eldorado (pulp and paper).

The "Ferrogrão" consortium is expected to be published in the Official Gazette in the middle of next year. Then, when concession is held in 2016, the project will be in operation for a period of five to seven years - until 2022/2023.

"We want the railroad skirt of the paper. We made the most 'Biddable' possible study and someone with vision or competitive resources to invest in it, good. But we want the railroad," says Paulo Sousa, director of grain and processing Cargill in Brazil. According to the executive, about 30 000 routes grain flows were analyzed for a year by the consortium to reach the conclusion that the railways, in the manner shown in the PMI, would be more interesting to drain the grain Center-West.

Starting from Sinop, in the middle-northern of Mato Grosso, the railway will "climb" the area influenced by the BR-163 until reach the district of Miritituba. From there, the idea is that the load follow by barges to the ports of Santarém and Barcarena, Pará, and Santana, in Amapá.

Pirarara was christened in honor of the Amazonian fish, the level of trading companies to enter the railway segment came to light early last year. But Cargill, Bunge, Dreyfus and Amaggi had already joined the EDLP a year earlier, in view of the delays in construction of the BR-163 and the saturation of the routes to the south.

Three options are considered by the consortium: an investor fully cover the cost of the project; an association with another company (with the trading and EDLP as minority shareholders); or bear all the necessary contribution. The second alternative is preferred.

According to William Quintella, president of EDLP, the consortium will act independently due to the railway concession, with no ties to companies.

The study funded by the trading companies and the EDLP was the one presented to the Sinop--Miritituba stretch. Another group that had manifested initially was UTC and therefore with a focus on the other issues at this time.

“ THE ADVANTAGE TO INVEST IN MATO GROSSO STATE IS THE RICHNESS OF CERRADO BIOME, BESIDES ALL, THIS REGION WILL BE THE WATER AND FOOD SECURITY OF THE WORLD AND ALSO THE MOST VALUABLE LAND OF THE PLANET IN THE NEXT DECADE. ”

# INFRASTRUCTURE INVESTMENTS AND LAND APPRECIATION

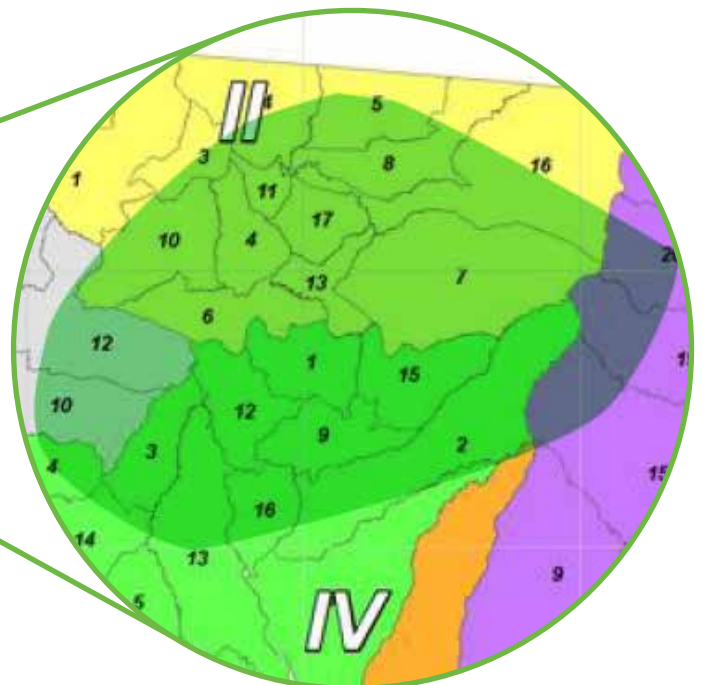
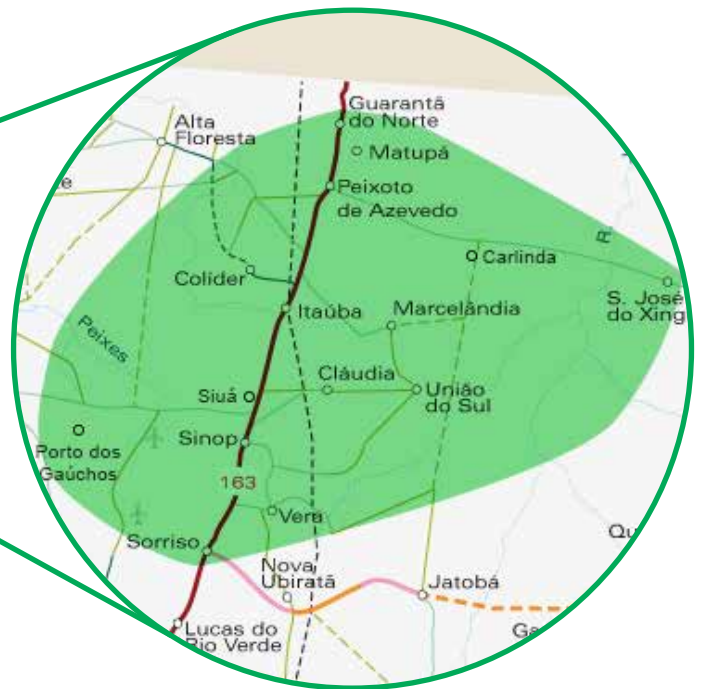
The Ferrogrão railway will bring valorization to the cities that follow the BR 163 in Mato Grosso State, precisely in a parallel ray of 300 kilometers along the railway. Surrounding farmlands, will be favored by such logistic. Their liquidity and rentability will surpass expectations and will result in more infrastructure investments as well.

The statistics for land appreciation in Brazil is completely unknown by most foreign investors and there isn't reliable government statistics. Veritas Agro analyzed the region background, with high precision, neighborhood values, appreciation potential and everything was done in cooperation with our associated real estate team, then our company can ensures the following: "in a period of 5 to 6 years the average valorization of the farmlands is 150% and in one decade about 300%.



Brazil is the best place to invest, for numerous reasons, the scenario is extremely favorable to the agribusiness sector, actually the best niche of market is to convert farms with degraded pasture into productive grain farms. No doubt that Mato Grosso State is Veritas Agro focus and the most strategical for our clients, states Alexandre Bonavita, director of Veritas Agro.

The construction of Ferrogrão railway will provide to Aginvestors the highest rentability ever seen in a short term condition and besides all, at the beginning of its construction in 2019 the demand for farmlands nearby Ferrogrão railway will be giant, lands located in this region will "worth gold" and we are absolutely convinced this is an opportunity to triplicate or even quadruple investors capital until 2023, when the railroad will begin to work and with an unbeatable return of investment ( ROI ).



# ADVANTAGE OF CERRADO BIOME



Another great advantage of investing in Mato Grosso State, at the region adjacent to BR 163 until the border of Pará State is the environmental legislation, resulting in more arable land use, once the utilization percentage of Cerrado biome is incomparably greater than Amazon biome, where the area of permanent preservation is greater, also requirements of the legal reserve percentage is higher in Amazon biome, automatically Cerrado biome has less environmental requirements, higher return on investment and more scale gain, consequently unbeatable rentability in the model buy-to-lease. Another relevant information is the huge liquidity for rent a farmland located in Mato Grosso State, where the annual return is about 8% per year, one of the world's largest.