

Draft. Confidential.
For discussion purposes
only



regenerate

Regenerate Asset Management

Investment Funds

the case study of Regenerative Farming

This document is a general strategy paper and does not constitute an offer to participate in any investment



“Organic sites had greater biodiversity (34%) and profits (50%) than conventional sites, despite lower yields (18%)” Landscape context affects the sustainability of organic farming systems O.M Smith et al 2020.

The Case for Investing in Regenerative Agriculture

What does Regenerate invest in? operational farming businesses covering;

- a) Production & Farming
- b) Processing & packaging
- c) Route to Market channels

Why operational? We finance the transition to regenerative practices and we can better influence the improvement of soil health within an operational context.

Why Regenerative? Conventional farming has a high fixed cost load (as well as some organic farms), Regenerative offers the tools to produce the “lowest levelized cost of food” over time. This means higher margins and more resilience!

Is this about Carbon? We don't invest in farms to get carbon credits, we invest for cash returns on the basis of the underlying business. Carbon offers additional upside for our investors. We have built the protocols and understanding to baseline carbon, which are implemented across all our



What does regenerative agriculture mean for us?

Regenerative practices create regenerative outcomes, these include:

- Soil Health (very important!)
- Biodiversity (below and above the ground)
- Slow and Clean Water (meaning storage of water, less drought/floods)
- Profitability of farm (lower inputs!)
- Animal health, welfare and lower vet bills (we hope!)
- Health of farmers and employees

How??

- Education, education and education
- Creation of a Regenerative Plan (Bespoke to each farm/ farmers needs)
- Testing, re-testing and monitoring
- Verification and creation of credits
- Delivering additional revenue back to the farmer

SIX PRINCIPLES OF SOIL HEALTH

Regenerative tools - Education and Testing

Regenerate works with the UnderstandingAg team in the US (Gabe Brown). UAG are educators who have been advising farms in the Regenerate portfolio to implement regenerative practices. They consult on > 32 million acres in the USA.

Key Tools in Regenerative Agriculture "6 Principles":

1. Know your context – your practices are a reflection of yourself and your land
2. Do not disturb – in nature there is no mechanical or chemical disturbance
3. Cover and build soil armor – protect the surface!
4. Mix it up – create diversity of plants, microbes, insects, wildlife, livestock. No monocultures!
5. Keep living roots in the soil – for as long as you can!
6. Grow healthy animals and soil together – grazing has been an essential component of soil

Four natural ecosystem cycles:

1. Energy Cycle
2. Water Cycle
3. Mineral Cycle
4. Biodiversity in Soils

Soil testing:



SOIL HEALTH ACADEMY Copyright © 2022 Soil Health Academy All rights reserved. 6-3-4





What that means for European land values?

Water is a critical asset! Water management is essential for farmland

Land prices reflect water availability. Irrigated land can be **2-5x** the price of dryland in Iberia

Irrigated land acquisition brings resilience and risk

But...

- Irrigation is only one tool to better manage water..... soil health is another
- Loss of soil organic matter (limits water holding capacity) = Increased floods and droughts
- Regenerated soils = increased organic matter & Organic matter = Carbon Sponge
- 1% increase in organic matter can hold 170,000 L of water/ Ha = 1100 baths or 17mm of rain
- Carbon Sponge allows water to travel through the soil more slowly which;
Supports plants for longer
Filters Water
Prevents soil runoff / nutrient loss