

INSTITUTO HOMEM PANTANEIRO

*Financial statements for the year
ended December 31, 2019 and
Independent Auditor's Report*

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INDEPENDENT AUDITOR'S REPORT

To the Management of

INSTITUTO HOMEM PANTANEIRO

Corumbá - MS

Qualified opinion

We have audited the accompanying financial statements of INSTITUTO HOMEM PANTANEIRO ("Entity"), which comprise the balance sheet as at December 31, 2019, and the statement of surplus (deficit), statement of comprehensive income (loss) and statement of changes in net assets and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the financial statements present fairly, in all material respects, the financial position of INSTITUTO HOMEM PANTANEIRO as at December 31, 2019, and its financial performance and its cash flows for the year then ended in accordance with accounting practices adopted in Brazil.

Basis for opinion

We conducted our audit in accordance with Brazilian and International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We are independent of the Entity in accordance with the relevant ethical requirements set forth in the Code of Ethics for Professional Accountants and the professional standards issued by the Federal Accounting Council and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of matter

Financial statements expressed in US dollars (US\$)

As mentioned in note 2, the financial statements were prepared in accordance with the accounting practices adopted in Brazil. For reporting purposes, additionally, they are presented in American dollars (US\$). The financial statements have been remeasured from Brazilian reais (R\$) into US dollars (US\$) using the exchange rate prevailing at December 31, 2019 and 2018 for current assets and liabilities, and income and expenses. As a general rule, noncurrent assets and liabilities are remeasured at the historical acquisition rate whereas revenues and expenses, at the monthly average rate, resulting in an adjustment to equity due to the foreign-currency translation (Net asset adjustment from foreign currency translation). However, as inflation rates in Brazil are relatively low, only the current rate was used to remeasure the financial statements as of December 31, 2019 and 2018. This simplified practice does not require a translation adjustment. However, if historical rates had been used, there would be no differences in the Entity's yearend net assets.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting practices adopted in Brazil, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements, unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative to avoid doing so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements taken as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Brazilian and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Brazilian and International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. In addition, we:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve override of internal control, collusion, forgery, intentional omissions or misrepresentations.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

São Paulo, April 14, 2020

INSTITUTO HOMEM PANTANEIRO**Balance sheets as of December 31, 2019 and 2018
In US\$**

<u>ASSETS</u>	Note	2019	2018
CURRENT ASSETS			
Cash and cash equivalents			
Cash		6	11
Banks - unrestricted		7	13
Operating reserve - Unrestricted	4	13,670	9,014
project reserve - Restricted	5	35,869	77,445
Costing fund - Unrestricted	6	-	44
Sustainability fund - restricted	7	73,753	1,402
Accounts receivable	8	2,240	3,216
Total current assets		125,545	91,145
NONCURRENT ASSETS			
Property and equipment	9	217,517	123,504
Intangible assets	10	6,966	15,483
Total noncurrent assets		224,483	138,987
TOTAL ASSETS		350,028	230,132

The accompanying notes are an integral part of these financial statements.

INSTITUTO HOMEM PANTANEIRO**Balance sheets as of December 31, 2019 and 2018
In US\$**

<u>LIABILITIES AND NET ASSETS</u>	Note	2019	2018
CURRENT LIABILITIES			
Suppliers of goods and services		8,047	6.996
Employee obligations	11	7,208	10,521
Payroll of self-employed workers		-	1,171
Leases	15	7,443	-
Payroll taxes	12	3,818	4,548
Taxes payable	13	1,162	856
Other payables	14	16,484	4,349
Funds - projects in progress	16	35,853	77,445
Total current liabilities		80,015	105,886
NONCURRENT LIABILITIES			
Leases	15	96,757	-
Total noncurrent liabilities		96,757	-
EQUITY			
Net worth		173,256	124,246
Total net assets		173,256	124,246
TOTAL LIABILITIES AND EQUITY			
		350,028	230,132

The accompanying notes are an integral part of these financial statements.

INSTITUTO HOMEM PANTANEIRO**Statements of surplus (deficit) for the years ended December 31, 2019 and 2018
In US\$**

		2019	2018
OPERATING INCOME	Note		
Restricted			
Special agreements with government	18	16,563	48,221
Nongovernment sponsorship	18	69,382	56,513
Volunteer work	21	40,985	23,046
		126,930	127,780
Unrestricted			
Services rendered		63,045	71,039
Partnership Agreement - Instituto Acaia	18	85,042	63,506
Donations from legal entities		110,808	39,435
Donations from individuals		120,230	126,191
Finance income		1,295	8,275
Other income		117,908	4,477
		498,327	312,923
Other operating income - unrestricted		248	-
Donations of fixed assets			
Other income		248	-
Total income		625,505	440,703
OPERATING COSTS AND EXPENSES			
Environmental programs			
Operating costs and expenses		(437,813)	(336,175)
Volunteer work	21	(40,985)	(23,046)
		(478,798)	(359,221)
Gross surplus		146,707	81,482
Operating and administrative expenses		(94,843)	(82,511)
Surplus (deficit) for the period		51,864	(1,029)
Adjustments to net assets		1,952	
Comprehensive income (loss)		53,816	(1,029)

The accompanying notes are an integral part of these financial statements.

INSTITUTO HOMEM PANTANEIRO**Statements of changes in net assets for the years ended December 31, 2019 and 2018
In US\$**

	Net worth	Translation adjustment	Surplus (deficit)	Total
BALANCE AT DECEMBER 31, 2017	152,843	(6,103)	-	146,740
Deficit for the period			(1,029)	(1,029)
Translation adjustment		(21,465)		(21,465)
Transfer of deficit	(1,029)		1,029	
BALANCE AT DECEMBER 31, 2018	151,814	(27,568)	-	124,246
Surplus for the period			51.864	51.864
Adjustments to net assets			1,952	1,952
Translation adjustment		(4.806)		(4.806)
Transfer of surplus	53.816		(53.816)	-
BALANCE AT DECEMBER 31, 2019	205.630	(32.374))	-	173,256

The accompanying notes are an integral part of these financial statements.

INSTITUTO HOMEM PANTANEIRO**Statements of cash flows for the years ended December 31, 2019 and 2018
In US\$**

	2019	2018
OPERATING ACTIVITIES		
Surplus (deficit) for the year	51,864	(1,029)
Increase (decrease) in items not affecting cash:		
Depreciation and amortization	19,613	19,543
Adjustments to net assets	1,952	-
Translation adjustment - Cash and cash equivalents	(3,400)	(11,883)
Decrease (increase) in assets		
Accounts receivable	852	3,488
Increase (decrease) in liabilities		
Suppliers of goods and services	195	954
Employee obligations	(2,906)	4,884
Payroll of self-employed workers	-	1,171
Payroll taxes	(554)	2,235
Taxes payable	339	628
Other payables	12,304	(4,206)
Cash provided by (used in) operating activities	80,259	15,785
INVESTING ACTIVITIES		
Increase in property and equipment and intangible assets	(110,486)	(38,694)
Cash provided by (used in) investing activities	(110,486)	(38,694)
FINANCING ACTIVITIES		
Proceeds from projects in progress	(38,596)	29,582
Increase (decrease) in leases	104,200	
Cash provided by (used in) investing activities	65,604	29,582
Increase (decrease) in cash and cash equivalents	35,377	6,673
Cash and cash equivalents at beginning of period	87,929	81,256
Cash and cash equivalents at end of period	123,306	87,929
Increase (decrease) in cash and cash equivalents	35,377	6,673

The accompanying notes are an integral part of these financial statements.

INSTITUTO HOMEM PANTANEIRO

Notes to the financial statements for the years ended December 31, 2019 and 2018 In US\$

1. GENERAL INFORMATION

Instituto Homem Pantaneiro (“Entity”) is a private nonprofit entity, having administrative, finance and net asset autonomy, headquartered in the city of Corumbá, State of Mato Grosso do Sul. The Entity has indeterminate duration and nation-wide coverage.

The purposes of the Entity are the following:

- a) Promote, support, coordinate, develop, participate in and execute programs, plans, projects, activities, organization and viability of events related to education, monitoring, control, research, preservation and conservation of the environment, natural resources, and the environmental security quality;
- b) Promote, support, disclose, coordinate, develop, participate in and execute programs, plans, projects, activities, organization and viability of events related to education, research, training, qualification and empowerment of human resources in the environmental area;
- c) Promote, support, disclose, coordinate, develop and execute studies, environmental consulting, assessment, reports and environmental impact;
- d) Provide services and consulting to government and nongovernment institutions, private and state-owned companies, individuals and legal entities, in areas such as education, training, empowerment and professional qualification, planning, performance of all activities, organization and viability of events related to the environment, natural resources, quality and environmental security, as well as in all areas covered by its purposes and related activities.

2. PRESENTATION OF FINANCIAL STATEMENTS

The financial statements have been prepared in accordance with accounting practices adopted in Brazil, which comprise the Brazilian Corporate Law and the technical pronouncements, instructions and interpretations issued by the Accounting Pronouncements Committee (“CPC”), and specifically ITG 2002 (R1), applicable to Nonprofit Entities and other supplementary provisions.

The financial statements were prepared in accordance with accounting practices adopted in Brazil. For reporting purposes, additionally, they are presented in American dollars (US\$). The financial statements have been remeasured from Brazilian reais (R\$) into US dollars (US\$) using the exchange rate prevailing at December 31, 2019 and 2018 for current assets and liabilities, and income and expenses. As a general rule, noncurrent assets and liabilities are remeasured at the historical acquisition rate whereas revenues and expenses, at the monthly average rate, resulting in an adjustment to equity due to the foreign-currency translation (Net asset adjustment from foreign currency translation). However, as inflation rates in Brazil are relatively low, only the current rate was used to remeasure the financial statements as of December 31, 2019 and 2018. This simplified practice does not require a translation adjustment. However, if historical rates had also been used, there would be no differences in the Entity's yearend equity.

3. SIGNIFICANT ACCOUNTING POLICIES

a) Functional and presentation currency

The financial statements are presented in Brazilian reais and US dollars – US\$.

b) Income and expense recognition

Income and expenses are recorded on the accrual basis.

c) Accounting estimates

The preparation of financial statements requires the use of estimates to account for certain assets, liabilities and other transactions. Therefore, the financial statements include estimates relating to provisions, receivables and other. Actual results may differ from these estimates.

d) Financial instruments

Non-derivative financial instruments are comprised of cash and cash equivalents, accounts and other receivables, and accounts and other payables.

e) Current and noncurrent assets

Cash and cash equivalents

Amounts recorded in cash and cash equivalents refer to bank accounts and highly liquid short-term investments with an insignificant risk of change in fair value, and which are considered equivalent to cash.

Short-term investments

Stated at cost plus income earned through the end of the reporting period, not exceeding fair or realizable values.

Property and equipment

Represented by the rights acquired in tangible assets to be held and used in the Entity's operations or exercised for this purpose, including those originating from operations that transfer risks, rewards and controls over the Entity's assets.

Stated at cost, less accumulated depreciation calculated under the straight-line method based on the estimated useful life of the assets.

Intangible assets

Correspond to rights acquired in intangible assets that are maintained or used in the Entity's operations or exercised for this purpose. Intangible assets with finite useful lives are generally amortized on a straight-line basis over the period they are expected to generate economic benefits.

f) Current and noncurrent liabilities

Stated at known or estimated amounts, plus charges, inflation adjustment and/or changes in exchange rates incurred through the date of the statement of financial position, when applicable. When applicable, current and noncurrent liabilities are stated at present value based on interest rates that reflect the term, currency and risk of each transaction.

Provisions

Provisions are recognized when the Entity has a legal or constructive obligation as a result of a past event and it is probable that an outflow of funds will be required to settle the obligation. Provisions are recorded based on the best estimates of the risk involved.

4. OPERATING RESERVE – Unrestricted

	2019	2018
Short-term investments	13,670	9,014
Total	13,670	9,014

5. PROJECT RESERVE – Restricted

	2019	2018
Short-term investments	29,772	77,445
Short-term investments - Banco do Brasil	6,081	-
Other investments	16	-
Total	35,869	77,445

6. COSTING FUND – Unrestricted

	2019	2018
Short-term investments	-	44
Total	-	44

7. SUSTAINABILITY FUND - Restricted

	2019	2018
Financial investment - Itaú - 29512-3 (Premium DI)	73,753	-
Short-term investments	-	1,402
Total	73,753	1,402

8. ACCOUNTS RECEIVABLE

	2019	2018
Fee advances	-	997
Advances to suppliers	2,072	1,190
Salary advances	137	154
Receivables	-	3,758
Allowance for expected credit losses	-	(2,915)
Recoverable taxes	31	32
Total	2,240	3,216

9. PROPERTY AND EQUIPMENT

		2019			2018
	Annual deprec. rate	Cost	Accumulated depreciation	Property and equipment, net	Property and equipment, net
Unrestricted					
Furniture and fixtures	10%	5,836	(2,674)	3,162	2,679
Telephony terminals	20%	1,102	(280)	(822	13
Machinery and equipment	10%	46,615	(12,494)	34,121	35,805
IT equipment	20%	1,599	(1,599)	-	-
Land		3,721	-	3,721	3,871
Vessels	10%	49,865	(17,868)	31,996	38,471
Properties	4%	45,464	(6,517)	38,948	41,933
Restricted					
Machinery and equipment	10%	1,234	(687)	547	697
IT equipment	20%	1,511	(1,511)	-	35
Properties - Leases		104,200	-	104,200	
Total		261,147	(43,630)	217,517	123,504

Changes in property and equipment

	2018	2019			
	Net	Additions/ purchases	Exchange loss	Depreciation	Net
Unrestricted					
Furniture and fixtures	2,679	1,127	(104)	(540)	3,162
Telephony terminals	13	1,007	(1)	(197)	822
Machinery and equipment	35,805	4,152	(1,385)	(4,451)	34,121
Land	3,871		(150)	-	3,721
Vessels	38,471		(1,488)	(4,987)	31,996
Properties	41,933		(1,621)	(1,364)	38,948
Restricted					
Machinery and equipment	697		(27)	(123)	547
IT equipment	35		(1)	(34)	-
Properties - Leases		104,200		-	104,200
Total	123,504	110,486	(4,777)	(11,696)	217,517

10. INTANGIBLE ASSETS

		2019		2018	
	Annual amort. rate	Cost	Accumulated amortization	Property and equipment, net	Property and equipment, net
GPS software	20%	18,706	(11,740)	6,966	15,474
Software - computers	20%	66	(66)	-	9
Total		18,772	(11,806)	6,966	15,483

11. EMPLOYEE OBLIGATIONS

	2019	2018
Salaries	2,196	5,178
Accrued vacation pay	5,012	5,343
Total	7,208	10,521

12. PAYROLL TAXES

	2019	2018
Social Security Contribution (INSS)	1,663	2,141
Severance Pay Fund (FGTS)	389	390
PIS on payroll	48	134
Union dues	38	40
Accrued taxes on vacation pay	1,679	1,843
Total	3,818	4,548

13. TAXES PAYABLE

	2019	2018
Withholding income tax – individuals	443	524
Withholding income tax - legal entities	123	20
Service tax (ISS)	208	244
Other payables	387	68
Total	1,162	856

14. OTHER PAYABLES

	2019	2018
Advances from customers	15,230	4,127
Reimbursable expenses	80	84
Electric power	286	127
Water	-	11
Telephone	888	-
Total	16,484	4,349

15. LEASES

Type	Finance charges	Current		Noncurrent	
		2019	2018	2019	2018
Property leases	IGPM p.a.	7,443	-	96,757	-
Total		7,443	-	96,757	-

Refers to the lease of properties: Fazenda Acurizal, Fazenda Penha and Fazenda Rumo Oeste, owned by ECOTRÓPICA – Fundação de Apoio à Vida nos Trópicos. The lease contract is effective until November 22, 2033.

16. FUNDS - PROJECTS IN PROGRESS

Special agreements with government – Restricted short-term investments

Type and Agency	Related responsibilities	2019 US\$	2018 US\$
Vale S.A.	Refers to the single installment released under Project Cabeceiras do Pantanal. The purpose of the project is to cooperate with the production of qualified environmental information about Pantanal, particularly springs and Permanent Preservation Areas (APPs) in Alto Paraguai Basin (BAP). The Project seeks to create or strengthen mechanisms whereby social, economic and scientific evaluations may be converted into quality information for the planning and definition of environmental policies.	6,081	77,423

FUNLES	If the project is not materialized, IHP will return the related funds to the sponsor.	-	22
PRONAC 191717 - MEMORIAL DO HOMEM PANTANEIRO	Preparation and implementation of the "Homem Pantaneiro Memorial"	29,772	-
Total		35,853	77.445

17. PROVISION FOR RISKS

Provisions are recognized by the Entity's management based on its legal counsel's opinion in amounts aligned with estimated losses arising from lawsuits.

Likelihood of loss on lawsuits may be classified as:

- (a) Probable – one or more future events are more likely than not to occur.
- (b) Possible - one or more future events are more than remote but less than likely to occur.
- (c) Remote – one or more future events are unlikely to occur.

The Entity is not party to labor, civil and tax involving risks of losses. Therefore, recognizing a provision for risks was not necessary.

18. SPONSHORSHIPS AND SPECIAL AGREEMENTS – Income

Special agreements with government – Restricted

Type and Agency	Project	Related responsibilities	2019 US\$	2018 US\$
Fund for the Defense and Remediation of Diffuse and Aggrieved Interests (FUNLES), managed by the Secretariat for Environment, Economic Development, Production and Family Agribusiness).	GEOPANTANAL: Technology-enabling conservation tool.	-Execute the Work Plan; -Apply the fund received for executing the project; -Keep the accounting bookkeeping up-to-date; -Be responsible for payroll taxes; -Comply with the provisions of State Decree No. 14.494; -Enable oversight and supervision by the Grantor; -Return any remaining balances; -Accountability for the funds received.	16,563	48,221
Total			16,563	48,221

Partnership Agreement – Instituto Acaia – Unrestricted

Entity	Project / partnership description	2019 US\$	2018 US\$
Instituto Acaia	Partnership agreement for paying the maintenance of the communications system in the areas covered by the RPCSA	57,012	6,344
Instituto Acaia	Partnership agreement for monitoring and oversight actions in the areas covered by the RPCSA	6,001	57,162
Instituto Acaia	Partnership agreement for developing Project Alto Pantanal.	13,345	-
Instituto Acaia	Transfer for payment of lease of ECOTRÓPICA areas.	8,683	-
Total		85,042	63,506

Non-governmental sponsorships – Restricted

Type and Agency	Project	Related responsibilities	2019 US\$	2018 US\$
Fundação Boticário de Proteção a Natureza	Rede de Proteção e Conservação da Serra do Amolar: environmental monitoring as a conservation tool.	Environmental Monitoring Serra do Amolar no Pantanal/MS	-	41,028
Fundação Boticário de Proteção a Natureza	14 th Nature Protection and Conservation Strategy Training	Extension Training to Brazil's Environmental Military Police Officers. 2016 Nature Conservation and Protection Strategies developed into two steps: 1- Distance learning ("EaD") – Five modules with 20 hours each in a virtual learning environmental (Moodle), and, 2 – classroom training provided in Serra do Amolar, in Pantanal/MS.	-	15,485
Vale S.A.	Environmental Monitoring of Rios	Perform an ecological and environmental diagnosis of water springs and Permanent Preservation Areas (APP's) in the region, by identifying the conservation status, the economic activities and the utilization of the spring soil of Alto Paraguay Basin and its main water streams.	69,382	-
Total			69,382	56,513

19. OTHER INCOME

	2019	2018
Income from TCRAE (State Environmental Reserve Quota Certificates)	117,908	-
Other	-	4,477
Total	117,908	4,477

TCRAE – State Environmental Reserve Quota Certificates:

SEMAGRO Resolution No. 673, of March 14, 2019, published on the Federal Official Gazette of March 22, 2019, provides the rules for legal reserve offset applicable to the State of Mato Grosso do Sul. Such Resolution amends other rules published in 2014 which implement and govern the procedures relating to the Rural Environmental Registry and on the “For a More Sustainable Mato Grosso” program.

As a strategy to pursue sustainability, IHP started legal procedures to comply with the requirements and use the funds provided by the TCRAE. The processes are in progress and are scheduled to be completed in 2020.

20. USE OF FUNDS

The Entity’s funds were used in its institutional purposes, as specified in its Bylaws, as shown in the statement of its expenses and investments. Instituto Homem Pantaneiro has two sources of income: Donations and services provided. Income from services are used to finance the preservation of environment, natural resources, environmental quality and safety, as well as to carry out its statutory purposes and related activities.

21. VOLUNTEER WORK

As prescribed by Resolution No. 1409 – Federal Accounting Council (CFC) ITG 2002 – item 19, volunteer work should be recognized at the fair value of the service provided, as if a cash disbursement had been made. According to Appendix A to this Resolution, volunteer work should be treated in income and expenses in the same amount, without affecting the entity’s surplus or deficit.

Therefore, no payments were made for volunteer work, since services are not compensated, under Volunteer Work Law.

22. TAX EXEMPTIONS AND WAIVER

	2019	2018
Corporate Income Tax (IRPJ)	14,607	-
Social Contribution on Net Profit (CSLL)	4,723	-
ISS (Service tax)	7,239	5,122
PIS (tax on income)	4,056	2,864
Cofins (tax on income)	18,720	13,221
Total	49,345	21,207

23. INSURANCE

The Entity does not have insurance coverage for its administrative building, as the property has been preserved as a historic site, and insurers do not provide coverage for heritage buildings.

24. PROPERTY PURCHASE RIGHTS

The rural properties named Fazenda Morrinhos and Fazenda Novos Dourados, located in the municipality of Corumbá, State of Mato Grosso do Sul, where Private Natural Reserve Engenheiro Elieser Batista was created, were acquired by Instituto Homem Pantaneiro (IHP) from MMX Corumbá Mineração S.A., under a Purchase and Sale Commitment dated August 11, 2014, amended on April 16, 2015 (Fazenda Novos Dourados) and an Assignment of Rights Commitment dated August 11, 2014 (Fazenda Morrinhos), for the amounts of US\$917,257 (R\$2,089,418.90) and US\$100,851 (R\$310,581.11), which have not yet been paid by the seller to the acquiring party, since conditions precedent contained in the Commitments have not yet been complied with.

On August 11, 2014, the parties also executed a Lease Agreement. The price agreed upon for the lease – US\$63,400 (R\$600,000.00) – was paid by netting outstanding receivables in favor of the Entity which originated from the Partnership and Management, Maintenance and Performance of Conservation Programs Agreement entered into on January 01, 2010 and amended on February 02, 2011.

Instituto Homem Pantaneiro assigned 95% of the rights it held over the abovementioned properties to a group of individuals, which was formalized on December 10, 2012 under an Assignment of Purchase Rights Agreement, for US\$180,482 (R\$368,815.07) (Faz. Morrinhos) and US\$1,214,183 (R\$2,481,184.93) (Faz. Novos Dourados), to join efforts to continue the environment preservation activities and the scientific and environmental education projects being developed in the properties.

The interest in the partnership established between Instituto Homem Pantaneiro and the group of individuals was lost and, as a way to contribute to the preservation of Serra do Amolar, the amount of US\$88,364 (R\$350,000.00) initially received as down payment when the assignment of rights agreement referred to above was executed, was not returned. Such amount was received by the Entity as a donation.