BrasilAgro - Companhia Brasileira de Propriedades Agrícolas

Individual & consolidated financial statements
June 30th, 2020
with an independent auditors report

FRM/LA/TP
846i/2020

BrasilAgro - Companhia Brasileira de Propriedades Agrícolas

Individual & consolidated financial statements

June 30th, 2020

Contents

Independent auditors report on the financial statements	3
Management Report	14
Audit Board Report	16
Declaration of Officers on the Financial Statements	17
Declaration of Officers on the Independent Auditor's Report	18
Balance sheets	19
Statements of income	21
Statements of comprehensive income	22
Statements of shareholders' equity	23
Statements of cash flow	24
Statements of value-added	25
Explanatory notes to the Management concerning the financial statements	26

Rua Castilho, 392 - 4th Floor
Brooklin - São Paulo - SP
Zip Code 04568-010
São Paulo - Brazil
T: +5511 5102-2510

www.bakertillybr.com.br

Independent auditors report on the individual & consolidated financial statements on June 30th, 2020

To the
Shareholders, Directors and Managers of
BrasilAgro - Companhia Brasileira de Propriedades Agrícolas
São Paulo - SP

Opinion on the individual & consolidated financial statements

We have examined the individual and consolidated financial statements of **BrasilAgro - Companhia Brasileira de Propriedades Agrícolas ("Company")**, identified as parent company and consolidated, respectively, which comprise the balance sheet as of June 30th, 2020, and the respective statements of income, comprehensive income, changes to the net worth and cash flows for the financial year ended on such date, as well as a summary of the primary accounting practices and all other explanatory notes.

In our opinion, the individual and consolidated financial statements referred to above adequately present, in all material respects, the individual and consolidated equity and financial status of **BrasilAgro - Companhia Brasileira de Propriedades Agrícolas** on June 30th, 2020, the individual and consolidated performance of their operations and their respective individual and consolidated cash flows for the financial year ended on such date, in accordance with the accounting practices adopted in Brazil and with the international financial reporting standards (IFRS), issued by the International Accounting Standards Board (IASB).

Basis for opinion on the individual & consolidated financial statements

Our audit was conducted in accordance with the Brazilian and international auditing standards. Our responsibilities, in accordance with such standards, are described in the following section named "Auditor's responsibilities for auditing the individual and consolidated financial statements". We are independent from the Company and their subsidiaries, in accordance with the relevant ethical principles provided for in the Accountant's Code of Professional Ethics and in the professional standards issued by the Brazilian National Accounting Board, and we comply with all other ethical responsibilities in accordance with such standards.

We believe that the audit evidence obtained is sufficient and appropriate to support our opinion.

Key audit matters

Key audit matters are those that, in our professional judgment, were the most significant in our audit for the current financial year. These matters were addressed in the context of our audit of the individual and consolidated financial statements as a whole and in forming our opinion on these individual and consolidated financial statements and, therefore, we do not express a separate opinion on these matters.

Analysis of impairment of properties for investment

As of June 30th, 2020, the balance of properties for investment, represented by the land and respective infrastructure of the farms, measured at cost, net of depreciation, totaled $ 93,536 thousand Brazilian *Reais* at the Parent Company and $ 858,261 thousand Brazilian *Reais* in the Consolidated Balance Sheet. The methodologies and modeling used to determine the fair value of these properties, used as a basis for the impairment analysis, were based on cost formation and comparative market data, and also on subjective assumptions adopted by Company Management and by the external assessors contracted by them, and involve a reasonable level of judgment and market information and status.

The monitoring of this matter was considered significant for our audit due to the relevance of the amounts concerned in relation to the total assets and potential risks to the income for the financial year in case adjustments are identified due to lack of impairment of the asset, and also uncertainties inherent to the determination of the expected recovery values, given the use of market information and a high level of judgment exercised by Management and by the contracted assessors in determining the assumptions of the calculation thereof. A change in any of these assumptions can have a significant impact on the individual and consolidated financial statements.

How our audit addressed this matter:

Our audit procedures included, among other things, the involvement of assessment experts to assist us in revising the methodology and models used to measure the fair value of the investment properties, including the reasonableness of the assumptions and comparative market data used, also analyzing the accuracy of the data on the properties provided by Company Management and external assessors. We reviewed information which could contradict the most significant assumptions, the market values and the methodologies selected, and also assess the objectivity and competence of the external assessor contracted by the Company. Tests were performed on the costs added and on the depreciation incurred during the financial year. We also reviewed the adequacy of the disclosures in the Company's individual and consolidated financial statements related to this matter.

Based on the evidence obtained, through the main audit procedures applied and described above, concerning its impairment, the balances of investment properties recorded in the Company's individual and consolidated financial statements, and also their respective disclosures, are represented in an acceptable manner.

Key audit matters--Continued

Analysis of realization of the active deferred taxes

As described in Explanatory Note No. 17.1, the Company has non-current assets in the amount of $ 21,853 thousand Brazilian *Reais* at the Parent Company, and $ 23,282 thousand Brazilian *Reais* in the Consolidated Balance Sheet, concerning deferred tax credits from tax-related losses, negative bases of social contribution and of deductible temporary differences which recognition and impairment are based on a study prepared by management on the generation of future taxable profits.

Estimating the generation of future taxable profits requires judgment and interpretation of tax laws, as well as the projection of these future profits. The monitoring of this matter was considered significant for our audit due to the relevance of the amounts in relation to the total assets, and also in relation to the effects on the income for the financial year, and level of judgment used in the projections of future taxable profits, their estimates and assumptions, and of the impact that any changes to these assumptions and estimates could have on the individual and consolidated financial statements.

How our audit addressed this matter

Our audit procedures included, among other things, using professionals specialized in taxes to review the grounds that originated the tax credits under current tax legislation, and also assessment experts to assist us in validating the assumptions and methodology used by the Company in the projections of future taxable profits, such as development of sales and costs, taxable profit, tax rates, arithmetic calculations, and we also compared certain data, when available, with other external sources and the alignment of these assumptions with the business plans approved by the competent authorities of the Company. Furthermore, we reviewed the adequacy of the disclosures made in the individual and consolidated financial statements by the Company.

Based on the evidence obtained, through the main audit procedures applied and described above, concerning its realization, the balances of the active deferred taxes recorded in the Company’s individual and consolidated financial statements, and also their respective disclosures, are represented in an acceptable manner.

Key audit matters--Continued

Assessment of biological assets

As mentioned in Explanatory Note No. 9, the Company and their subsidiaries measured their biological assets, which correspond to agricultural products and cattle in development, based on their fair value, calculated based on the value of agricultural products in the active market (cattle) or based on the cash flow deducted from the crop in formation (grains and sugarcane), when there is no active market. This measurement is a significant estimate and is based on several assumptions and methodologies adopted by Company Management, for which internal and external information was used, mainly related to the active market price, productivity, prices and interest rates for deduction from the cash flows, and also for involving planting areas. As of June 30th, 2020, the Company's balance was $ 84,561 thousand Brazilian *Reais* at the Parent Company, and $ 140,997 thousand Brazilian *Reais* in the Consolidated Balance Sheet, under "Biological assets", in current and non-current assets, according to the period of harvest/cutting of the agricultural products.

The monitoring of this matter was considered significant for our audit due to the relevance of the amounts of the biological assets over the total assets and the income for the financial year, due to the uncertainties inherent to this type of estimate, and also to the necessary judgment that must be exercised by Management in determining the assumptions for calculating its fair value.

How our audit addressed this matter

Our audit procedures included, among other things, using professionals specialized in assessment to assist us in the validation of the assumptions and methodology used by the Company, especially those related to market quotations (cattle) and to estimates of productivity, future commodity prices and interest rates for deduction from the cash flows. In addition, we involved specialized professionals to perform, on a test basis, the physical inspection of planted areas to assess the existence of agricultural products and their physical conditions, and we also tested the costs added during the financial year. We also reviewed the adequacy of the disclosures made in the individual and consolidated financial statements by the Company.

Based on the evidence obtained, through the main audit procedures applied and described above, concerning its assessment, the balances of biological assets recorded in the Company's individual and consolidated financial statements, and also their respective disclosures, are represented in an acceptable manner.

Key audit matters--Continued

Farm sales recognition

During the financial year ended June 30th, 2020, the Company and their subsidiaries recognized $ 61,420 thousand Brazilian *Reais* in the income for the financial year related to gains on the sales of agricultural properties, as mentioned in Explanatory Notes 1.1, 1.2, 1.3, 1.4 and 21b. Farm sale is recognized as the risks and benefits of the properties are significantly transferred to the buyers. The land sale recognition process involves a careful analysis on the contractual data, assessments of the buyer's payment capabilities, involves risk on the correct recognition period, updating of the balance receivable and of the related internal controls, in order to ensure that farms that had their risks and benefits passed on according to the correct applicable period, in light of the current accounting rules. Such a fact also involves significant judgment by Company Management.

The monitoring of this matter was considered significant for our audit in accordance with the aforementioned reasons and also due to the risk of early recognition of the sale and the updating of the balances based on the contracted indexes, their magnitude on the income for the financial year and the risk of recognition of sale at an amount different from that of the transaction, and also on the necessary judgment that must be exercised by Management in recognizing the revenue related to such sales.

How our audit addressed this matter:

Our audit procedures included, among other things: (i) the review of the sales agreements together with the evidence and analyzes of the significant transfer of risks and benefits, including the credit analysis related to the buyer; (ii) testing the fair value on the date of the transaction, considering the maturity periods and discount rates; (iii) analysis of recovery of the balance of accounts receivable and testing the updating of the balance based on the indexes agreed upon; (iv) submission of confirmation letters to the counterparty on the balance of accounts receivable to confirm the existence of the transaction. We also reviewed the adequacy of the disclosures made in the individual and consolidated financial statements by the Company.

Based on the evidence obtained, through the main audit procedures applied and described above, concerning its recognition, the farm sales balances recorded in the Company's individual and consolidated financial statements, and also their respective disclosures, are represented in an acceptable manner.

Key audit matters--Continued

Adoption of new accounting pronouncement CPC06 (R2)

As described in Explanatory Note 2.27.a, the Company adopted CPC06(R2) / IFRS 16 – 'Leases' as of July 1st, 2019, using a modified retrospective approach, which allows comparative information from previous periods not to be resubmitted. The adoption of this new rule gave rise to right of use assets and lease liabilities in the amount of $ 92,794 thousand Brazilian *Reais* on July 1st, 2019. The initial adoption of the new accounting pronouncement was considered as a main audit matter due to its complexity and relevance, as it involved (i) the analysis of a significant volume of lease agreements, (ii) adaptations of information systems and internal controls, as well as, (iii) the use of significant judgment by Management in defining assumptions such as: the incremental loan rate and the determination of lease terms, in addition to the adoption of the practical procedures brought by the new rule, among other things.

How our audit addressed this matter

Our procedures related to the adoption of new accounting pronouncement CPC06 (R2) included, among other things, (i) the understanding and assessment of the relevant internal controls related to the process of capturing agreements, identifying leases, monitoring contractual changes, measurement, recording and disclosure of leases; (ii) assessment, with the support of experts, of the main assumptions used by Company Management for the initial adoption of said rule, as well as the practical procedures adopted allowed by the rule; (iii) for a sample of agreements, lease data was checked and the amounts found were recalculated; and, (iv) discussion of the main assumptions and estimates used by Management to measure the financial liabilities from the lease and the right to use of the assets, as well as the bookings made, including quantitative and qualitative aspects. We also reviewed the adequacy of the disclosures made in the individual and consolidated financial statements by the Company.

Based on the evidence obtained, through the main audit procedures applied and described above, concerning its adoption, the balances stemming from the adoption of new accounting procedure CPC06 (R2) recorded in the Company's individual and consolidated financial statements, and also their respective disclosures, are represented in an acceptable manner.

Key audit matters--Continued

Business combination

As described in Explanatory Note No. 1.6, as of November 22nd, 2019, BrasilAgro and Agrifirma Brasil Holding (Agrifirma Holding) entered into a Merger Agreement, in which they agreed that the full net worth of Agrifirma Holding would be merged into BrasilAgro, which receives from the former all their assets, rights and obligations. Furthermore, the consummation of the agreement linked to the fulfillment of certain suspensive conditions which were fully met on January 27th, 2020, ended with the merger (extinction) of Agrifirma Holding into Brasilagro and gave BrasilAgro control over the operations of the Agrifirma Group, formed by Agrifirma Brasil Agropecuária S.A. and their subsidiaries.

This matter was considered significant for our audit, due to the judgments involved in identifying and determining the fair value of purchased assets, assumed liabilities, allocation of the purchase price, and also of the consideration occurred on January 27th, 2020, described in Explanatory Note No. 1.6.3., in addition to the magnitude of the amounts concerned.

How our audit addressed this matter

Our procedures related to business combination included, among other things: (i) the understanding of the key internal controls implemented by the Company related to the company purchasing process; (ii) the involvement of our corporate finance experts to assist us in assessing the assumptions and methodology used to determine and recognize the fair value of purchased assets, assumed liabilities, goodwill due to expected future profitability and the consideration realized; and, (iii) we revised the working papers of Agrifirma Holding's independent auditor on the base date of December 31st, 2019. We also reviewed the adequacy of the disclosures made in the individual and consolidated financial statements by the Company.

Based on the evidence obtained, through the main audit procedures applied and described above, the balances stemming from the business combination recorded in the Company's individual and consolidated financial statements, and also their respective disclosures, are represented in an acceptable manner.

Other matters

Statement of Added Value (SAV)

The individual and consolidated statements of added value (SAV) for the financial year ended June 30th, 2020, prepared under the responsibility of Company management, and submitted as supplementary information for IFRS purposes, were submitted to audit procedures performed together with the auditing of the Company's individual and consolidated financial statements. To form our opinion, we assessed whether these statements are reconciled with the individual and consolidated financial statements and accounting records, as applicable, and whether their form and content are in accordance with the criteria defined in Technical Pronouncement CPC 09 - Statement of Added Value. In our opinion, these statements of added value were properly prepared, in all material respects, in accordance with the criteria defined in this Technical Pronouncement and are consistent with the individual and consolidated financial statements taken as a whole.

Other information submitted along with the individual & consolidated financial statements and with the auditor's report

Company Management is in charge of this other information comprising the Management Report.

Our opinion on the individual and consolidated financial statements does not cover the Management Report and we do not express any form of audit conclusion on this report.

In connection with the auditing of the individual and consolidated financial statements, our responsibility is to read the Management Report and, in doing so, to consider whether that report is materially inconsistent with the individual and consolidated financial statements or with our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work performed, we conclude that there is a material misstatement in the Management Report, we are required to report it. We have nothing to report in this regard.

Management & governance responsibility for the individual & consolidated financial statements

Management is responsible for preparing and appropriately submitting the individual and consolidated financial statements in accordance with the accounting practices adopted in Brazil, and for the internal controls they determined as required to allow the preparation of individual and consolidated financial statements free from material misstatements, regardless of whether they are caused by fraud or error.

Management & governance responsibility for the individual & consolidated financial statements--Continued

In the preparation of the individual and consolidated financial statements, Management is responsible for assessing the Company's ability to keep operating, by announcing, when applicable, the matters related to their operational continuity and the use of this accounting grounds to prepare the individual and consolidated financial statements, unless Management intends to liquidate the Company or cease their operations, or has no realistic alternative to prevent the operations from terminating.

Those responsible for the governance of the Company are those responsible for supervising the process of preparing the individual and consolidated financial statements.

Auditor's responsibilities for auditing the individual & consolidated financial statements

Our goals are to obtain reasonable assurance that the individual and consolidated financial statements, taken as a whole, are free from any material misstatements, regardless of whether they are caused by fraud or error, and to issue an audit report containing our opinion. Reasonable assurance is a high level of assurance, not a guarantee that the audit performed in accordance with the Brazilian and international auditing standards always detects the eventually existing material misstatements. Misstatements may be due to fraud or error and are considered material misstatements when, either jointly or individually, they may influence, within a reasonable perspective, the economic decisions of users made based on such individual and consolidated financial statements.

As part of the audit conducted in accordance with the Brazilian and international auditing standards, we exercised professional judgment and kept professional skepticism throughout the audit. In addition:

- We identified and assessed the risks of any material misstatements in the individual and consolidated financial statements, regardless of whether they are caused by fraud or error, we planned and performed auditing procedures in response to such risks, and we also obtained sufficient and appropriate audit evidence to support our opinion. The risk of not detecting any material misstatements resulting from fraud is greater than from error, since fraud may involve circumventing internal controls, collusion, forgery, omission or intentional misrepresentations;
- We understood the internal controls which are relevant to the audit so we may plan audit procedures which are appropriate to the circumstances, but not aimed at expressing an opinion on the effectiveness of the internal controls of the Company and their subsidiaries;

Auditor’s responsibilities for auditing the individual & consolidated financial statements--Continued

- We assessed the adequacy of the accounting policies used and the reasonableness of the accounting estimates and the respective disclosures made by Management;
- We conclude if it is appropriate for Management to use the accounting grounds for operational continuity and, based on the audit evidence obtained, whether there is any material uncertainty concerning events or conditions which may raise any significant doubts regarding the Company’s ability to continue operating. If we conclude that there is material uncertainty, we must draw attention, in our audit report, to the respective disclosures contained in the individual and consolidated financial statements or include changes in our opinion, if the disclosures are inappropriate.
  Our conclusions are based on the audit evidences obtained up to the date of our report. However, future events or conditions may cause the Company to no longer keep operational continuity;
- We assessed the overall look, the structure and the content of the individual and consolidated financial statements, including the disclosures and whether the individual and consolidated financial statements represent the corresponding transactions and events in a manner consistent with the purpose of proper submission.
- We obtained sufficient and appropriate audit evidence regarding the financial information of the group’s business activities or entities to express an opinion on the individual and consolidated financial statements. We are responsible for the direction, supervision and performance of the group’s audit and, consequently, for the audit opinion.

We communicate with those responsible for the governance regarding, among other things, the planned scope, the time of the audit and the significant findings of the audit, including any significant deficiencies in internal controls identified during our works.

We also provide those responsible for the governance with a statement that we have complied with the relevant ethical requirements, including the applicable independence requirements, and we report all the eventual relationships or matters which could significantly affect our independence, including, where applicable, the respective safeguards.

Auditor's responsibilities for auditing the individual & consolidated financial statements--Continued

Among the matters which were addressed with those responsible for the governance, we determined those which were considered most significant in the audit of the individual and consolidated financial statements for the current financial year and which, therefore, constitute the main audit matters. We described these matters in our audit report, unless a law or regulation has prohibited public disclosure of the matter, or when, in extremely rare circumstances, we determine that the matter should not be included in our report because the adverse consequences of such reporting may, within a reasonable perspective, overcome the benefits of the report to the public interest.

São Paulo, August 27th, 2020.

Baker Tilly 4Partners Auditores Independentes S.S.
CRC 2SP-031.269/O-1

Fábio Rodrigo Muralo
Accountant CRC 1SP-212.827/O-0

Management Report

Once again, the strength of agribusiness proved to be fundamental to guarantee food and energy supply to the population during this serious crisis period. During this time, our team went to great lengths to serve our purpose of producing food responsibly. We believe we made a difference, not only in food production, but especially in the development of our activities and in people's lives.

Since the beginning of the pandemic in March, we have been taking measures to preserve our employees' health, contribute to the contain the spread of Covid-19 and mitigate its effects on our operations. Our production units in Brazil and Paraguay continue to operate and the results have not been greatly impacted by the pandemic (for further details, please see section Covid-19 of this earnings release).

The results we achieved during the 2019/2020 harvest year (ended June 30, 2020) leaves no doubt that our business model, and the execution of our strategy, were assertive and allowed us to face this turbulent time with great resilience.

We ended our 2019/2020 fiscal year with a Net Income of R$119.6 million and an Adjusted EBITDA of R$177.6 million, all of which reflects our Net Revenue of R$559.1 million, consisting of R$71.5 million from the sale of farms and R$487.6 million from sales of agricultural products ans farm leasings.

During the 2019/2020 fiscal year, we sold 3,199 hectares of land, at a face value of R$84.7 million, corresponding to a R$61.4 million gain and IRRs ranging from 14.3% to 21.4%.

During this year, we had another great achievement, which was the merger with Agrifirma. Agrifirma owned 28,930 agricultural hectares located in the western region of the state of Bahia, which brought synergy and economies of scale with the Bahia cluster operations since the areas are close to the Chaparral and Jatobá Farms, in addition to enabling other financial and commercial benefits.

Another important transaction was the acquisition of Fazenda Serra Grande, located in the municipality of Baixa Grande do Ribeiro, in the state of Piauí. The farm has a total area of 4.5 thousand hectares, of which 2.9 thousand are arable lands to be developed and suitable for cultivating grains.

With the merger of Agrifirma and the acquisition of Fazenda Serra Grande, our portfolio now covers 269,065 hectares, of which 30% are developed, 28% are under development and 42% are land bank.

Still in terms of value generation from real estate assets, we transformed 2.0 thousand hectares in Paraguay, finished the process of transforming 3.2 thousand hectares and transformed another 500 hectares in Brazil.

In 2020, the Company also invested US$1.0 million in the Agriculture Fintech startup Agrofy, focused on developing the agricultural sector's operating chain. This effort seeks innovate and improve the use of technology to achieve higher efficiency and sustainability for the business. The startup is an online marketplace with a complete range of e-commerce solutions, customized to meet the needs of retailers and their partners and channels, seeking for alternative ways to connect farmers and suppliers.

From the agricultural operations point of view, we delivered a strong result, with Adjusted EBITDA from Operations (excluding sale of farms) reaching R$116.2 million, reflecting the sale of 252.4 thousand tons of grains, 4.5 thousand tons of cotton, 2.1 million tons of sugar cane and 5.7 thousand tons of meat during the year.

Periods of crisis bring along many challenges, but they also generate learning and growth opportunities. We ended the 2019/2020 harvest year with many perspectives and prepared for the challenges that lie ahead and began the new year more robust, with more sophisticated tools and processes, certain that we made right decisions and are ready to capture the best opportunities and generate sustainable results.

Adherence to the Market Arbitration Chamber

The Company is subject to arbitration on the Market Arbitration Chamber, as stated on the Arbitration Clause in its Bylaws.

Relationship with External Auditors

The independent auditors, Baker Tilly 4Partners Auditores Independentes S.S., who reviewed the individual and consolidated financial statements for the year ended in June 30, 2020, only provided audit services and quarterly revisions to BrasilAgro – Companhia Brasileira de Propriedades Agrícolas on the quarters ended in September 30, 2019, December 31, 2019 and March 31, 2020.

Final Considerations

BrasilAgro’s management thanks its shareholders, customers, suppliers and financial institutions for their collaboration and trust and, in particular, to its employees for their dedication and effort.

We remain at your disposal for any further information.

André Guillaumon
CEO and Operations Officer

Gustavo Javier Lopez
Administrative and Investor Relations Officer

Fiscal Council Opinion

The members of the Fiscal Council of Brasilagro – Companhia Brasileira de Propriedades Agrícolas, in compliance with the legal and statutory provisions, examined the Company's Management Report and Financial Statements prepared in accordance with the accounting practices adopted in Brazil and the Consolidated Financial statements prepared in accordance with the international financial reporting standards ("IFRS"), issued by the International Accounting Standards Board ("IASB") and the accounting practices adopted in Brazil, all related to the year ended June 30, 2020.

Based on the examinations made, considering further, the opinion of Baker Tilly Brasil Auditoria e Consultoria, as well as the information and clarifications provided by Management, the members of the Fiscal Council concluded that said documents, have been properly prepared in all their material respects, appropriate, and should therefore be referred for approval by the Company's Annual Shareholders Meeting.

São Paulo, August 27, 2020.

Fabiano Nunes Ferrari

Ivan Luvisotto Alexandre

Débora de Souza Morsch

Management’s representation on the Financial Statements

In accordance with section VI of article 25 of CVM Instruction 480, of December 7, 2009, the Management declares that reviewed, discussed and agreed with the Company's Financial Statements for the year ended June 30, 2020.

São Paulo, August 27, 2020.

André Guillaumon
CEO and Operations Officer

Gustavo Javier Lopez
Administrative and Investor Relations Officer

Management's representation on the Independent Auditor's Report

In accordance with section V of article 25 of CVM Instruction 480, as of December 7, 2009, we hereby represent that we have reviewed, discussed and agreed with the independent auditor's report on the Company's Financial Statements for the year ended June 30, 2020, issued on this date.

São Paulo, August 27, 2020.

André Guillaumon
CEO and Operations Officer

Gustavo Javier Lopez
Administrative and Investor Relations Officer

BrasilAgro – Companhia Brasileira de Propriedades Agrícolas

Balance Sheets
Years ended June 30, 2020 and 2019
(In thousands of reais)

		Company		Consolidated	
Assets	**Notes**	**6/30/2020**	**6/30/2019**	**6/30/2020**	**6/30/2019**
Current assets					
Cash and cash equivalents	5.1	83,713	64,111	171,045	106,627
Marketable securities	5.2	-	1,245	-	4,038
Operations with derivatives	6	7,180	5,906	7,180	5,906
Accounts receivable and sundry credits	7	55,604	55,283	183,350	125,320
Inventories	8	114,826	81,212	138,778	97,068
Biological assets	9	62,409	51,674	115,553	99,881
Related-party transactions	29	39,857	28,641	701	1,987
		363,589	288,072	616,607	440,827
Non-current asset held for sale	30	-	-	25,857	-
Noncurrent assets					
Biological assets	9	22,152	15,654	25,444	23,235
Restricted marketable securities	5.2	-	-	5,044	9,114
Operations with derivatives	6	1,746	1,013	1,746	1,013
Deferred taxes	17.1	21,853	14,393	23,282	20,510
Accounts receivable and sundry credits	7	11,079	13,427	262,387	203,533
Investment properties	10	93,536	89,440	858,261	548,717
Related-party transactions	29	1,511	-	1,511	-
Investments	11	1,095,870	752,929	5,742	1,256
Property, plant and equipment	12	29,509	37,609	115,925	107,852
Intangible assets		1,184	1,247	1,469	1,557
Right-of-use assets	13	164,800	-	101,093	-
		1,443,240	925,712	1,401,904	916,787
Total assets		1,806,829	1,213,784	2,044,368	1,357,614

See the accompanying Management notes.

BrasilAgro – Companhia Brasileira de Propriedades Agrícolas

Balance sheets
Years ended June 30, 2020 and 2019
(In thousands of reais)

		Company		Consolidated	
Liabilities and equity	**Notes**	**6/30/2020**	**6/30/2019**	**6/30/2020**	**6/30/2019**
Current liabilities					
Trade accounts payable and other liabilities	15	70,355	68,472	111,170	92,954
Loans, financing and debentures	16	112,582	41,960	217,274	76,608
Labor obligations		15,162	13,938	19,600	17,093
Operations with derivatives	6	18,333	11,055	18,333	11,055
Other liabilities	18	-	-	5,017	-
Related-party transactions	29	1,729	1,302	2,849	2,405
Leases payable	14	35,120	27,380	25,849	26,503
		253,281	164,107	400,092	226,618
Noncurrent liabilities					
Trade accounts payable and other liabilities	15	-	-	28,002	19,451
Loans, financing and debentures	16	254,554	168,529	296,839	209,245
Deferred taxes	17,1	-	-	34,031	-
Leases payable	14	150,261	-	126,514	20,943
Operations with derivatives	6	1,462	-	1,462	-
Provision for legal claims	27	574	615	1,485	824
Other liabilities	18	25,128	-	34,374	-
		431,979	169,144	522,707	250,463
Total liabilities		685,260	333,251	922,799	477,081
Equity					
Share capital	19.a	699,811	584,224	699,811	584,224
Capital reserves	1,4	(34,292)	3,645	(34,292)	3,645
Treasury shares	19.f	(31,501)	(35,208)	(31,501)	(35,208)
Income reserves		358,606	281,052	358,606	281,052
Additional dividends proposed	19.d	13,606	7,944	13,606	7,944
Comprehensive income	19.e	115,339	38,876	115,339	38,876
Total equity		1,121,569	880,533	1,121,569	880,533
Total liabilities and equity		1,806,829	1,213,784	2,044,368	1,357,614

See the accompanying Management notes.

BrasilAgro – Companhia Brasileira de Propriedades Agrícolas

Statements of operations
Years ended June 30, 2020 and 2019
(In thousands of reais, unless stated otherwise)

		Company		Consolidated	
	Notes	7/1/2019 to 6/30/2020	7/1/2018 to 6/30/2019	7/1/2019 to 6/30/2020	7/1/2018 to 6/30/2019
Net revenue	21.a	291,571	187,081	487,568	357,910
Gain from sale of farm	21.b	-	-	61,420	142,812
Changes in fair value of biological assets and agricultural products	9	97,673	21,043	160,371	56,718
(Provision for impairment of agricultural products, net	8,1	(2,402)	(1,561)	(4,153)	(2,040)
Cost of sales	22	(284,205)	(170,537)	(483,813)	(319,214)
Gross profit		102,637	36,026	221,393	236,186
Selling expenses	22	(14,374)	(6,472)	(14,300)	(10,536)
General and administrative expenses	22	(36,122)	(33,811)	(43,890)	(38,812)
Other operating income (expenses), net	24	(4,223)	(165)	1,231	(1,064)
Equity pickup	11.a	139,413	183,435	(150)	1,102
Operating profit before financial results and taxes		187,331	179,013	164,284	186,876
Net financial income (expenses)					
Financial income	25	222,837	132,955	375,413	310,538
Financial expenses	25	(294,870)	(128,994)	(406,168)	(297,616)
Profit before income and social contribution taxes		115,298	182,974	133,529	199,798
Income and social contribution taxes	17,2	4,256	(5,895)	(13,975)	(22,719)
Net income for the year		119,554	177,079	119,554	177,079
Basic earnings per share – reais	26	2.1092	3.2913	2.1092	3.2913
Diluted earnings per share – reais	26	2.0937	3.2727	2.0937	3.2727

See the accompanying Management notes.

BrasilAgro – Companhia Brasileira de Propriedades Agrícolas

Statements of comprehensive income
Years ended June 30, 2020 and 2019
(In thousands of reais)

		Company and Consolidated	
	Notes	**7/1/2019 to 6/30/2020**	**7/1/2018 to 6/30/2019**
Net income for the period		119,554	177,079
Comprehensive income to be reclassified to income from the period in subsequent years:			
Effect on the conversion of investments abroad	19.e	76,463	(1,007)
Total comprehensive income		196,017	176,072

See the accompanying Management notes.

BrasilAgro – Companhia Brasileira de Propriedades Agrícolas

Statements of changes in equity
Years ended June 30, 2020 and 2019
(In thousands of reais)

			Capital reserve			Income reserves					
	Notes	Capital	Capital reserve	Share-based payments	Treasury shares	Legal reserve	Reserve for investment and expansion	Additional dividends proposed	Comprehensive income	Retained earnings	Total equity
At June 30, 2018		584,224	-	1,997	(35,208)	16,703	137,270	10,995	39,883	-	755,864
Additional dividends payment	19.d	-	-	-	-	-	-	(10,995)	-	-	(10,995)
Share-based compensation plan	23.a	-	-	1,648	-	-	-	-	-	-	1,648
Net income for the year		-	-	-	-	-	-	-	-	177,079	177,079
Constitution of legal reserve		-	-	-	-	8,854	-	-	-	(8,854)	-
Minimum mandatory dividends		-	-	-	-	-	-	-	-	(42,056)	(42,056)
Additional dividends proposed		-	-	-	-	-	-	7,944	-	(7,944)	-
Constitution of reserve for investment and expansion		-	-	-	-	-	118,225	-	-	(118,225)	-
Effect on the conversion of investments abroad		-	-	-	-	-	-	-	(1,007)	-	(1,007)
At June 30, 2019		584,224	-	3,645	(35,208)	25,557	255,495	7,944	38,876	-	880,533

			Capital reserve			Income reserves					
	Notes	Capital	Premium on share issue	Share-based payments	Treasury shares	Legal reserve	Reserve for investment and expansion	Additional dividends proposed	Comprehensive income	Retained earnings	Total equity
At June 30, 2018		584,224	-	3,645	(35,208)	25,557	255,495	7,944	38,876	-	880,533
Additional dividends payment	19.d	-	-	-	-	-	-	(7,944)	-	-	(7,944)
Acquisition of Agrifirma	1,4	115,587	(33,566)	-	-	-	-	-	-	-	82,021
Share-based compensation plan	23.a	-	-	3,529	-	-		-	-	-	3,529
Transfer of treasury shares	19.f	-	-	(3,707)	3,707	-	-	-	-	-	-
Payment of share-based incentive plan (ILPA) charges	23.a	-	-	(4,193)	-	-		-	-	-	(4,193)
Transfer of remaining balance of share-based incentive plan (ILPA)		-	-	-	-	-	-	-	-	-	-
Net income for the year		-	-	-	-	-	-	-	-	119,554	119,554
Constitution of legal reserve	19.c	-	-	-	-	5,978	-	-	-	(5,978)	-
Minimum mandatory dividends	19.d	-	-	-	-	-	-	-	-	(28,394)	(28,394)
Additional dividends proposed	19.d	-	-	-	-	-	-	13,606	-	(13,606)	-
Constitution of reserve for investment and expansion	19.c	-	-	-	-	-	71,576	-	-	(71,576)	-
Effect on the conversion of investments abroad	19.e	-	-	-	-	-	-	-	76,463	-	76,463
At June 30, 2020		699,811	(33,566)	(726)	(31,501)	31,535	327,071	13,606	115,339	-	1,121,569

See the accompanying Management notes.

Statements of cash flows

BrasilAgro – Companhia Brasileira de Propriedades Agrícolas

Years ended June 30, 2020 and 2019
(In thousands of reais)

	Note	7/1/2019 to 6/30/2020	7/1/2018 to 6/30/2019	7/1/2019 to 6/30/2020	7/1/2018 to 6/30/2019
CASH FLOWS FROM OPERATING ACTIVITIES					
Net income for the year		119,554	177,079	119,554	177,079
Adjustment to reconcile net income in the period					
Depreciation and amortization	22	41,112	13,938	60,249	23,078
Other proceeds from investments		166	-	-	-
Gain from sale of farm	21.b	-	-	(61,420)	(142,812)
Net book value of property, plant and equipment and intangible assets disposed of		4,194	305	3,089	433
Write-offs of investment properties		-	-	600	-
Equity pick-up	11.a	(139,413)	(183,435)	150	(1,102)
Unrealized gain on derivatives, net	25	7,456	4,533	7,456	4,475
Earnings from short-term investments, foreign exchange and monetary variation and other financial charges, net		23,370	10,426	42,276	15,416
Variation in the fair value of receivables from sale of farms and financial lease	25	1,053	-	(57,327)	(13,989)
Share-based incentive plan (ILPA)		1,827	1,507	1,510	1,648
Deferred income and social contribution taxes	17,2	(7,460)	3,888	3,528	12,232
Fair value of unrealized biological assets and agricultural products	9	(97,673)	(21,043)	(160,371)	(56,718)
Provision for impairment of agricultural products, net	8,1	2,402	1,561	4,153	2,040
(Reversal of) provision for expected credit loss	22	279	(654)	(2,440)	(530)
Provision for legal claims	27	(41)	(351)	601	(383)
		(43,174)	7,754	(38,392)	20,867
Changes in assets and liabilities					
Trade accounts receivable		13,560	(19,683)	50,692	3,401
Inventories		(36,016)	(46,011)	(43,268)	(31,094)
Biological assets		85,703	(6,959)	157,355	34,627
Taxes recoverable		1,908	2,017	3,829	536
Operations with derivatives		3,893	19,307	3,893	19,308
Other receivables		(13,620)	(445)	(21,210)	316
Trade accounts payable		5,411	17,087	(35,698)	10,005
Related parties		(136)	241	(440)	276
Taxes payable		(868)	666	31,146	3,157
Income and social contribution taxes		-	-	-	(413)
Labor charges		(806)	2,365	(2,704)	2,804
Advances from customers		4,015	(4,461)	(212)	(15,500)
Leases payable		(50,863)	5,080	(42,688)	3,590
Other liabilities		4,388	(576)	6,721	(542)
Net cash provided by (used in) operating activities		(26,605)	(23,618)	69,024	51,338
CASH FLOWS FROM INVESTING ACTIVITIES					
Acquisitions of property, plant and equipment and intangible assets		(6,076)	(11,250)	(25,087)	(43,670)
Acquisitions of investment properties		(9,027)	(12,947)	(24,173)	(28,211)
Redemption of (investment in) marketable securities, net		(2,591)	23,173	7,483	21,737
Dividends received		61,620	49,709	-	-
Reduction of (increase in) investments and interest held	11	(91,462)	(6,766)	-	(49)
Cash acquired from business combinations	1,4	-	-	1,071	-
Acquisition of investment and interest	11	(4,127)	-	(4,127)	-
Cash received from sale of farms		-	-	15,538	28,927
Net cash provided by (used in) investing activities		(51,663)	41,919	(29,295)	(21,266)
CASH FLOWS FROM FINANCING ACTIVITIES					
Payments for purchase of Farms		-	-	(2,578)	-
Loans and financing raised	16	213,056	25,393	301,009	90,594
Interest paid on loans and financing	16	(17,625)	(525)	(86,013)	(4,037)
Repayment of loans and financing	16	(53,141)	(15,908)	(143,967)	(73,178)
Dividends paid	19.d	(50,000)	(41,000)	(50,000)	(41,000)
Net cash generated from (used in) financing activities		92,290	(32,040)	18,451	(27,621)
Increase (decrease) in cash and cash equivalents		**14,022**	**(13,739)**	**58,180**	**2,451**
Effect of exchange rate variation on cash and cash equivalents		**5,580**	**(290)**	**6,238**	**(138)**
Cash and cash equivalents at beginning of year	5,1	64,111	78,140	106,627	104,314
Cash and cash equivalents at end of year	5,1	83,713	64,111	171,045	106,627

See the accompanying Management notes.

BrasilAgro – Companhia Brasileira de Propriedades Agrícolas

Statements of value added
Years ended June 30, 2020 and 2019
(In thousands of reais)

		Company		Consolidated	
	Notes	7/1/2019 to 6/30/2020	7/1/2018 to 6/30/2019	7/1/2019 to 6/30/2020	7/1/2018 to 6/30/2019
Revenues					
Gross operating revenue	21	296,033	190,924	497,345	365,772
Gain on sale of farm	21	-	-	61,420	142,812
Change in fair value of biological assets and agricultural products	9	97,673	21,043	160,371	56,718
Provision for impairment of agricultural products, net	8,1	(2,402)	(1,561)	(4,153)	(2,040)
Other revenues and expenses		(4,223)	(165)	1,231	(1,064)
Allowance for doubtful accounts	22	(279)	654	2,440	530
		386,802	210,895	718,654	562,728
Inputs acquired from third parties					
Cost of sales		(326,400)	(157,156)	(545,572)	(296,720)
Materials, energy, outsourced services and other		(21,748)	(13,873)	(26,756)	(18,432)
		(348,148)	(171,029)	(572,328)	(315,152)
Gross value added		38,654	39,866	146,326	247,576
Depreciation and amortization	22	41,112	(13,938)	60,249	(23,078)
Net value added produced by (used in) the Company		79,766	25,928	206,575	224,498
Value added received through transfer					
Equity pickup	11.a	139,413	183,435	(150)	1,102
Financial income	25	222,837	132,955	375,413	310,538
		362,250	316,390	375,263	311,640
Total value added to be distributed		**442,016**	**342,318**	**581,838**	**536,138**
Personnel and charges					
Direct compensation		20,143	20,859	22,834	23,236
Benefits		2,509	2,787	3,042	3,120
Severance fund (F.G.T.S).		572	421	723	490
Taxes, charges and contributions					
Federal (includes deferred income and social contribution taxes)		3,485	10,685	28,821	32,062
State		835	710	1,248	1,496
Local		449	393	729	529
Financing					
Financial expenses		294,281	128,808	404,712	297,323
Rentals		188	576	175	803
Interest on own capital					
Minimum mandatory dividends	19.d	28,394	42,056	28,394	42,056
Additional dividends proposed	19.d	13,606	7,944	13,606	7,944
Retained earnings of the year		77,554	127,079	77,554	127,079
Value added distributed		**442,016**	**342,318**	**581,838**	**536,138**

See the accompanying Management notes.

1. General information

BrasilAgro - Companhia Brasileira de Propriedades Agrícolas (“BrasilAgro”) or ("Company") was incorporated on September 23, 2005 and is headquartered at Avenida Brigadeiro Faria Lima, 1309, in São Paulo with branches in the States of Bahia, Goiás, Mato Grosso, Minas Gerais, Maranhão and Piauí, and in Paraguay, in the State of Boquerón. The Company is controlled by Argentine-based Cresud Sociedad Anónima, Comercial, Inmobiliaria, Financiera y Agropecuaria (“Cresud S.A.C.I.F.Y.A.”), which is engaged primarily in the agriculture and real estate sectors.

The Company holds interest in other companies (“subsidiaries), and its corporate purpose includes:

- agriculture, cattle raising and forestry activities of any type and nature and rendering directly or indirectly related services;
- the import and export of agricultural products and inputs and those related to cattle raising activity;
- the purchase, sale and/or rental of properties, land, buildings and real estate in rural and/or urban areas; real estate brokerage involving any type of operations;
- holding interest, as a member, in other companies and commercial ventures of any nature, in Brazil and/or abroad, directly or indirectly related to the purposes described herein; and
- management of its own and third-party assets.

The Company and its subsidiaries have sixteen (16) farms in six (6) Brazilian states and one (1) farm in Paraguay, for a total area of 215,330 hectares of own lands and 53,735 hectares of leased lands.

1.1. Sales of Farms

<u>Sales of farms in the prior fiscal year</u>

a) Sale of Jatobá II Farm

On June 13, 2018, the Company signed a Purchase Commitment for a total area measuring 9,784 hectares (7,485 agricultural hectares) of the Jatobá Farm, a rural property located in the city of Jaborandi, state of Bahia, for an amount corresponding to 285 bags of soybean per usable hectare, or R$123,335 as of July 31, 2018.

On July 31, 2018, the buyer paid the first installment of R$21,000, equivalent to 300,000 bags of soybean, and met the conditions envisaged in the agreement, obtaining the transfer of ownership and recognition of revenue by the Company. The balance will be paid in seven annual installments (Note 7.1.e – Jatobá II). The accounting impact on profit or loss is described in Note 19.b.

b) Sale of Alto Taquari Farm

On November 21, 2018, the Company disclosed a Material Fact notice about the sale of 103 hectares of arable land in the Alto Taquari Farm, for the value of 1,100 bags per useful hectare, or R$6,871 as of July 2, 2018.

On November 19, 2018, the buyer made a down payment of 22,656 bags of soybean in the amount of R$1,491 and the balance will be paid in four years, two installments per year (Note 7.1.c – Alto Taquari I).

c) Sale of Jatobá III Farm

On June 28, 2019, the Company entered into a Sale Commitment for a total area of 3,125 hectares (2,473 agricultural hectares) of the Jatobá Farm, a rural property located in the City of Jaborandi, State of Bahia, for 285 bags of soybean per useful hectare, or R$47,016 as of June 28, 2019.

On June 28, 2019, the buyer paid the first installment of R$5,000 and, on July 31, 2019, the buyer paid the remaining R$5,000. The outstanding balance, corresponding to 563,844 bags of soybean, will be paid in six annual installments. (Note 7.1.e – Jatobá III).

Sales of farms in the current fiscal year

d) Sale of Jatobá Farm

On July 11, 2019, the Company signed a Sale Commitment for a total area measuring 1,134 hectares (893 usable hectares) of the Jatobá Farm, a rural property located in the city of Jaborandi, state of Bahia, for an amount corresponding to 270,000 bags of soybean per usable hectare, or R$23,183.

On September 2, 2019, the buyer paid the first installment of R$2,698. The outstanding balance, corresponding to 232,000 bags of soybean, will be paid in six annual installments. (Note 7.1.e – Jatobá IV).

e) Sale of Alto Taquari II Farm

On October 29, 2019, the Company entered into a Sale Commitment of a total area of 85 hectares (65 farmable hectares) of the Alto Taquari Farm, a rural property located in the City of Alto Taquari, State of Mato Grosso, for an amount corresponding to 71,500 bags of soybean per useful hectare, or R$5,513. On the same date, the buyer paid the first installment corresponding to R$1,044. The outstanding balance, corresponding to 57,200 bags of soybean, will be paid in four annual installments.

f) Sale of Alto Taquari III Farm

On May 29, 2020, the Company entered into a Sale Agreement of a total area of 105 hectares (105 agricultural hectares) of the Alto Taquari Farm, a rural property located in the city of Alto Taquari, state of Mato Grosso, for 115,478 bags of soybean per useful hectare, or R$11,037. On the same date, the buyer paid the first installment corresponding to R$1,763 The outstanding balance, corresponding to 93,478 bags of soybean, will be paid in five annual installments.

g) Sale of Jatobá V Farm

On June 30, 2020, the Company entered into a Sale Agreement for a total area of 1,875 hectares (1,500 agricultural hectares) of the Jatobá Farm, a rural property located in the city of Jaborandi, state of Bahia, for 450,000 bags of soybean per useful hectare, or R$47,016 as of June 28, 2019.

On the same date, the buyer paid the first installment corresponding to R$5,000. The outstanding balance, corresponding to 397,368 bags of soybean, will be paid in seven annual installments. (Note 7.1.e – Jatobá V).

1.2. Acquisition of Serra Grande Farm

On May 18, 2020, the Company entered into a Purchase Agreement for a total area of 4,489 hectares of the Serra Grande Farm, a rural property located in the city of Baixa Grande do Ribeiro, state of Piauí, for R$25,047. On May 18, 2020, the Company paid the first installment, in the amount of R$8,047, to obtain possession of the property. On June 30, 2020, the liability refers mainly to the delivery of 162,000 bags of soybean in three annual installments of 54,000 bags each. The Company maintains its liability measured at fair value through profit or loss, as required by CPC 46/IFRS 13.

1.3. New investments

Agrofy

On June 27, 2019, the Board of Directors approved an investment of US$1,000 (R$4,127) in Ag-Fintech Agrofy for an equity interest of 1.8% in the startup. On September 23, 2019, 50% of the amount (R$2,087) was paid, and the remainder was paid on December 16, 2019 (Note 11).

1.4. Business combination – Agrifirma

On November 22, 2019, the Company entered into a merger agreement with Agrifirma Holding S.A. ("Agrifirma Holding"). The agreement establishes that BrasilAgro will merge Agrifima Holding and receive all of its assets, rights and obligations, holding 100% of the equity capital of the subsidiary Agrifirma Agropecuária and its investments. In consideration, the selling shareholders will receive common shares and warrants ("Agrifirma Warrants") issued by BrasilAgro.

Agrifirma Brasil Agropecuária S.A ("Agrifirma") and its subsidiaries are engaged in the production, manufacture, storage, trading of agricultural products and the provision of agricultural services, as well as the management and commercial exploration of its properties. Since the group is engaged in activities in the same sector as the merging company, the following impacts are expected immediately: operational, financial and commercial benefits, such as dilution of general and administrative expenses, capture of synergies and economies of scale in the operations and potential appreciation in the value of undeveloped areas.

Agrifirma Group is composed of its parent company (Agrifirma Brasil Agropecuária S.A.) and four subsidiaries, namely Agrifirma Bahia Agropecuária Ltda., I. A. Agro Ltda., GL Empreendimentos e Participações Ltda. and Agrifirma Delaware LLC, in which Agrifirma holds interests of 99.99%.

The merger agreement is subject to certain requirements and obligations that could suspend the transaction if not fulfilled. On January 27, 2020, these conditions precedent were entirely satisfied and BrasilAgro merged Agrifirma Holding and as of said date consolidated all of its assets and liabilities and profit or loss.

1.4.1 Number of shares delivered as consideration

The number of shares may be determined by three main steps: Initial Exchange Ratio (preliminary numbers), Final Exchange Ratio (adjustment in exchange ratio) and Adjustments Due to Indemnifications.

(In thousands of reais, except as stated otherwise)

Initial Exchange Ratio

To conduct the negotiations during the various phases and approvals provided for in contract, the parties defined a first exchange ratio based on preliminary book values as of June 30, 2019, considering in particular the real properties held by BrasilAgro and Agrifirma Holding, as per the property appraisal conduct by a specialized third party. The number of shares necessary to acquire Agrifirma Holding was established at 5,869,872 shares, divided into the following categories:

	Initial Exchange Ratio
Unrestricted shares	4,402,404
Shares with sale restriction	812,981
Shares issued and delivered (i)	**5,215,385**
Agrifirma warrants (ii)	654,487
	5,869,872

(i) The capital stock of BrasilAgro was increased by R$115,587, from R$584,224 to R$699,811, with the issue of 5,215,385 new common shares of the Company, which were subscribed for and paid up by the shareholders of Agrifirma Holding, and

(ii) The issue of the Agrifirma Warrants on behalf of one of the selling shareholders, entitling them to subscribe to up to 654,487 new common shares in the Company on January 22, 2022, with exercise price of R$0.01 per share.

Final Exchange Ratio

In accordance with the Merger Agreement, the Initial Exchange Ratio must be adjusted to reflect the variation in the book value of the companies of the preliminary balance sheet as of June 30 2019 until the consummation of the merger, on January 27, 2020, the date of the acquisition of Agrifirma by BrasilAgro.

On April 1, 2020, BrasilAgro informed the shareholders of Agrifirma Holding that the Final Exchange Ratio, based on the changes in net equity as of January 27, 2020, reached the number of 5,392,872 shares, the minimum number established in contract:

	Initial Exchange Ratio	Adjustment to exchange ratio	Final Exchange Ratio
Unrestricted shares	4,402,404	(357,750)	4,044,654
Shares with sale restriction	812,981	(66,065)	746,916
Total shares (i)	**5,215,385**	**(423,815)**	**4,791,570**
Warrants (ii)	654,487	(53,185)	601,302
	5,869,872	**(477,000)**	**5,392,872**

i) The adjustment in the exchange ratio determines that the selling shareholders, the holders of the 5,215,385 shares previously calculated in the first exchange relation, must return 423,815 shares, given that the appraisal of the net equity of the merged company indicated a reduction in its value in comparison with the initial stage of negotiations. The share return process is in progress and should be completed in the third quarter of 2020.

(In thousands of reais, except as stated otherwise)

ii) The return of shares is not applicable to the Agrifirma Warrants because the shares composing the benefit were not delivered, however, the adjustment to the exchange ratio decreases the amount of the benefit by 53,185 shares, which may not be exercised on their maturity date.

Adjustments for indemnifications

The agreement establishes obligations for the payment of compensation by both BrasilAgro and the selling shareholders if certain contractually indemnifiable losses occur within two years as from the transaction.

On June 18, 2020, BrasilAgro and the selling shareholders signed a Settlement Agreement through which the Final Exchange Ratio was approved at the minimum number of 5,392,872 shares. The parties also agreed that given the resolution of a contingency by the date of the Settlement Agreement, the selling shareholders shall return the amount of R$3,500,000 in restricted shares and Agrifirma Warrants on January 27, 2022, with the number calculated by dividing the amount of compensation by the AGRO3 share price in the 90 days prior to said date.

The following table shows the adjustments made to estimate the amount given for transfer of control on January 27, 2020:

	Final Exchange Ratio	**Adjustments for indemnifications (a)**	**Final Exchange Ratio adjusted by indemnifications**
Unrestricted shares	4,044,654	-	4,044,654
Shares with sale restriction	746,916	(109,291)	637,625
Total shares	**4,791,570**	**(109,291)**	**4,682,279**
Warrants	601,302	(87,985)	513,317
	5,392,872	**(197,276)**	**5,195,596**

(a) To estimate the number of restricted shares to return and the reduction in the number of shares to be issued due to the exercise of the Agrifirma Warrants on the acquisition date, the amount was divided by the average of the AGRO3 share price in the 90 days prior to January 27, 2020.

1.4.2 Accounting of the transaction by BrasilAgro

Based on the information available on the reporting date, BrasilAgro estimated the fair value of the assets acquired and of the liabilities assumed of Agrifirma Holding and of the consideration as of January 27, 2020. For the purposes of estimating the consideration, BrasilAgro considered the number of common shares adjusted by the amount of indemnifications.

(In thousands of reais, except as stated otherwise)

Shareholders' equity at fair value

The table below shows the identifiable assets and liabilities of the Agrifirma Group at January 27, 2020 at their fair value:

Assets	**1/27/2020**
Cash and cash equivalents	1,071
Trade accounts receivable	3,313
Inventories	1,461
Biological assets	4,883
Recoverable taxes and contributions	3,012
Non-current assets held for sale	23,842
Related parties	36
Other credits	6,025
	43,643
Other credits	15,986
Investment properties	197,711
Property, plant and equipment	23,541
	237,238
Total assets	**280,881**

Liabilities	**7/27/2020**
Trade accounts payables	792
Loans and financing	123,862
Payable income tax and social contribution	19
Taxes payable	646
Labor charges	2,894
Other accounts payable	15,590
	143,803
Provision for contingencies	60
Other accounts payable	3,206
Deferred tax liabilities	27,763
Total liabilities	31,029
Total net identifiable assets at fair value	106,049
Goodwill on future expected profitability (a)	47
Total consideration	106,096

a) Goodwill is attributed to the profitability expected from synergy gains and economies of scale in the agricultural operations and from the creation of real estate value in undeveloped areas. BrasilAgro estimates that the amortization of goodwill cannot be deducted for tax purposes.

The following table summarizes the allocation of the estimated consideration among the assets and liabilities of Agrifirma Holding:

(In thousands of reais, except as stated otherwise)

Estimated consideration at fair value

	Number	Price at January, 2020	Amount
Restricted and unrestricted shares (Initial Exchange Ratio)	5,215,385	-	115,587
Capital reserve (Note 19.b)	-	-	(33,566)
Unrestricted shares	4,044,654	20.28	**82,021**
Shares with sale restriction	637,625	20.28	12,930
Agrifirma Warrants (a)	513,317	20.27	10,405
Agrifirma Warrant Dividends (b)			740
Estimated consideration at fair value	**5,195,596**		**106,096**

To calculate the consideration at fair value on the acquisition date, the following assumptions were considered:

a) Unrestricted and restricted shares: to estimate the fair value of the restricted and unrestricted shares, the number of shares based on the final exchange ratio adjusted by indemnifications were calculated considering the Agro3 share price on the B3 on January 27, 2020.

b) Agrifirma Warrants: are measured based on the Agro3 share price on the B3 on January 27, 2020, deducting the symbolic amount of R$0.01 stipulated as payment for their exercise.

c) Agrifirma Warrant Dividends: to estimate the fair value of Agrifirma Bonus Dividends, the average dividend yield of the last four years was considered, applying the AGRO3 share price on the B3 on January 27, 2020 and discounted to present value.

The consideration transferred for the control of Agrifirma is recognized under shareholders' equity and liabilities, in the line Other liabilities. The restricted shares, Agrifirma Warrants and Agrifirma Warrant Dividends may vary due to certain events identified in the agreement and, for such reason, do not meet the definition of equity instrument in accordance with IAS 32 – Financial Instruments, and therefore are recognized as financial liabilities at fair value through profit or loss. The restricted shares are considered in the calculation of basic earnings per share, while the warrants are considered as potential common shares and as such included in the calculation of diluted earnings per share.

The class of unrestricted shares does not have the element of variability, and as such is the only one recognized under equity. The difference between the capital increase (in accordance with the merger agreement) and the consideration of unrestricted shares on January 27, 2020 is registered as Capital Reserve.

(In thousands of reais, except as stated otherwise)

1.4.4. Other Information

The results of the Agrifirma Group are consolidated by BrasilAgro in the period from January 27, 2020 to June 30, 2020, and the amount incorporated into these financial statements is presented below:

	1/27/2020 to 6/30/2020
Net income	19,194
Net income for the year	1

If the transaction had been consummated on July 1, 2019, the revenue and consolidated results of BrasilAgro would have been as follows:

	7/12020 to 6/30/2020
Net income	27,949
Loss for the year	(64,305)

1.5. COVID-19 Impacts

COVID-19 were first reported on December 31, 2019, and since then the disease has spread to various countries, including Brazil and Paraguay, where the country operates, with reports of numerous deaths caused by the new coronavirus. On March 11, 2020, the World Health Organization declared a global pandemic.

Still in March, the Company developed and implemented a plan with various measures to protect the health of our employees, contribute to containing COVID-19 and mitigate its effects on our operations. These measures included:

• Creating a Prevention and Risk Committee to continuously assess the overall situation, update preventive measures and actions to minimize risks, and coordinate the implementation of action plans;
• Establishment of working from home for employees who are at risk or who work at the corporate office in São Paulo;
• Adoption of various measures and protocols to protect the safety of all persons involved in the Company's operational context, following the guidelines of the Brazilian Ministry of Health;
• Contingency plans to support operations.

The operations in Brazil and Paraguay are functioning normally and to date the Company has not had any material impact caused by the spread of COVID-19.

COVID-19 could affect the Company's operations if a significant portion of its workforce cannot work effectively due to the spread of the virus, quarantines, government actions, the shutdown of facilities or other restrictions. Part of the Company's revenue is generated by the sale of commodities to local clients, but the global market for said commodities relies on an extensive logistics and supply chain, including ports, distribution centers and suppliers. In addition, the high volatility in the prices of the U.S. dollar and of commodities could result in losses for the Company.

With regard to its business, a factor that merits attention is the strong demand for exports benefited by the appreciation in the U.S. dollar. With regard to the logistics chain, note that no significant disruptions occurred in export operations and logistics and in inbound shipments of inputs, most of which already have been acquired. With regard to commitments for sales to clients made for the 2019/20 crop year, the Company has not identified any material changes, since their origination is based on a strong correlation between the way the negotiations are conducted and the players selected as commercial partners. Therefore, to date, the Company has not observed any matters related to these commitments. Moreover, the Company is well positioned to surmount the effects caused by covid-19, with its main concerns including its cash preservation, leverage ratio and cost and borrowing efficiency, which are aligned with the risk policies adopted by the Company.

Short- and long-term liquidity is preserved, and even any changes in inbound and outbound shipments are scaled to not affect significantly the Company's financial position. BrasilAgro did not identify significant risks with regard to its capacity to continue operating. Lastly, no material subsequent events related to facts known after June 30, 2020 that should be disclosed were identified.

1.6. Cyber attack

On October 21, 2019, the Company suffered a ransomware cyberattack that caused a partial and temporary interruption in its operations. The Company implemented its contingency plans, continued operating partially during the cyberattack and reconnected progressively its operating systems after the attack.

After the incident, we took certain additional preventive measures and revalidated our technological processes to improve our controls to minimize the cyber risks to which we were exposed. Although the cyberattack vector could not be identified, the process and the characteristics of the cyberattack could be identified satisfactorily.
We believe that these actions will help us to review our information technology systems to avoid new cyberattacks.

2. Basis of preparation and presentation of the separate and consolidated financial statements

The significant accounting policies applied when preparing these financial statements are described below. These policies are being consistently applied in all years presented, unless otherwise stated.

2.1. Basis of preparation

The individual and consolidated financial statements were prepared based on the International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB) and the accounting practices adopted in Brazil (BR GAAP), which comprise the Brazilian corporate law, as well as the Accounting Pronouncements, Guidelines and Interpretations issued by the Accounting Pronouncements Committee (CPC) and approved by the Securities and Exchange Commission of Brazil (CVM).

The Company's Management affirms that all material information about the Company in the financial statements, and only such information, is being highlighted and corresponds to the information used by it in its management.

(In thousands of reais, except as stated otherwise)

On August 27, 2020, the Company's Executive Board, Board of Directors and Fiscal Council approved the Company's individual and consolidated financial statements and authorized their issuance.

The individual and consolidated financial statements have been prepared based on the historical cost, unless otherwise stated, as described in the summary of significant accounting policies.

The financial statements have been prepared in the ordinary course of business. Management has not identified any significant uncertainty as to the Company's ability to continue as a going concern in the next 12 months.

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires Management's judgmental analysis when applying the Company's accounting practices. Those areas requiring a higher level of judgment and with more complexity, as well as the areas in which assumptions and estimates are significant for the consolidated financial statements, are disclosed in Note 3.

The non-financial data included in these financial statements, such as sales volume, planted and leased area, quantity of farms and environment, has not been examined by the independent auditors.

To improve the presentation of effects from the first-time adoption of IFRS 16/CPC 06 (R2) and to ensure the comparability of the financial statements, the Company reclassified items in the comparison year. Lease contracts, which were presented on June 30, 2019 under trade account payables and other liabilities, related-party transactions and financial leases, were reclassified to the new item Lease payable (Note 14).

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as of June 30, 2020 and 2019, as shown in the table below.

Subsidiaries and joint ventures (%)	**6/30/2020**	**6/30/2019**
Jaborandi Agrícola	99.99	99.99
Jaborandi	99.99	99.99
Cremaq	99.99	99.99
Engenho	99.99	99.99
Araucária	99.99	99.99
Mogno	99.99	99.99
Cajueiro	99.99	99.99
Ceibo	99.99	99.99
Flamboyant	99.99	99.99
Agrifirma	99.99	-
Agrifirma Bahia (*)	99.99	-
I.A. Agro (*)	99.99	-
GL (*)	99.99	-
Delaware (*)	100.00	-
Palmeiras	99.99	99.99
Moroti	99.99	99.99

(a) Subsidiaries of Agrifirma – indirect control.

The subsidiaries are fully consolidated from the date control was obtained, being consolidated up to the date on which the control no longer exists. The investor controls the investee when it is exposed to, or has rights on, variable returns arising from its involvement with the investee and has capacity to affect such returns through its power in the investee.

The financial statements of the subsidiaries are prepared for the same reporting period of the Company, using consistent accounting policies. All intragroup balances, revenues and expenses are fully eliminated in the consolidated financial statements.

2.2. Foreign currency translation

a) Functional and presentation currency

Items included in the financial statements of each of the subsidiaries headquartered in Brazil and the Company are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"), for which the functional and presentation currency is the Brazilian Real (“R$”). For the subsidiaries Palmeiras S.A. (“Palmeiras”) and Agropecuária Moroti S.A. (“Moroti”) and the joint venture Cresca S.A. (“Cresca”), companies headquartered in Paraguay, the functional currency is the U.S. dollar.

b) Transactions and balances in foreign currencies

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing on the dates of the transactions or valuations, when items are remeasured.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the statements of operations.

c) Foreign group companies

In the preparation of the Company’ financial statements, the financial statements of the companies Palmeiras, Moroti and Cresca, whose functional currency is the U.S. dollar, are translated into reais as follows: a) Balance Sheet at the foreign exchange rate ruling at the end of each year and b) Statement of Operations, at the average foreign exchange rate of the year.

The effects of variations in the foreign exchange rate resulting from these translations are presented under “Equity adjustment” in the statement of changes in equity and in the statement of comprehensive income (loss).

2.3. Investments in subsidiaries and in joint venture

The investments in subsidiaries and in joint venture are recorded on the equity method in the individual and consolidated financial statements.

Joint venture is an agreement whereby the parties sharing joint control are entitled to the net assets of the joint ventures. Joint control is the contractual sharing of a control, existing only when decisions on the related activities require the unanimous consent of the parties.

2.4. Cash and cash equivalents and marketable securities

Cash and cash equivalents include cash, bank deposits maturing within 90 days from the date of contract and short-term highly liquid repurchase agreements for which there are no fines or other restrictions for their immediate redemption from the issuer of the instrument.

Marketable securities include the financial investments provided as guarantee for loans and financing recorded in current and noncurrent assets based on the maturities of referred to loans and financing.

Cash equivalents and marketable securities are measured at fair value through profit or loss.

Investments in bank deposit certificates and repurchase agreements may mature within more than 90 days from the date of contract, and may have repurchase guarantee contractually provided by the financial institution issuing the security, allowing the redemption of securities at the amount originally invested plus interest with no penalty. They are classified as cash and cash equivalents. Investments in deposit certificates that are not eligible for redemption without penalties are held in marketable securities.

Certain debt agreements require the Company to keep marketable securities as guarantee for the outstanding balances. Such investments are linked while held in guarantee. The Company records the purchases and sales of such investments as investment activities in the statement of cash flows.

The fixed income investments are intended to maintain the amounts held by the Company and not yet allocated to rural activities, and are governed by a policy approved by the Board of Directors.

2.5. Financial instruments

a) <u>Financial assets</u>

Initial recognition and measurement

Financial assets are classified upon initial recognition as subsequently measured at amortized cost or at fair value through profit or loss.

The classification of financial assets upon initial recognition depends on the characteristics of the contractual cash flows of the financial asset and on the Company's business model for managing these financial assets. Trade accounts receivable that do not contain a significant financial component or for which the Company applied the practical expedient are measures at the transaction price calculated in accordance with CPC 47.

For a financial asset to be classified and measured at its amortized cost, it must generate cash flows that are "exclusively payments of principal and of interest" (also referred to as the "SPPI test") applicable to the outstanding principal.

The Company's business model for managing financial assets refers to how it manages its financial assets for generating cash flows. The business model determines if cash flows result in the collection of contractual cash flows, in the sale of financial assets or both.

Purchases or sales of financial assets that require delivery of assets within a timeframe set by regulations or market conventions (typical negotiations) are recognized on the date of the trade, i.e. on the date the Company undertakes to purchase or sell the asset.

Subsequent measurement

For the purposes of subsequent measurement, the Company's financial assets are classified as:

i. Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition as at fair value through profit or loss or financial assets to be mandatorily measured at fair value.

The Company designates certain financial assets at the initial recognition by the fair value through profit or loss. This designation cannot be altered later. These assets are mainly represented by marketable securities, derivatives and receivables from the sale of farms, which consist of debt instruments recognized in the consolidated balance sheet in "Trade accounts receivable".

Changes in fair value related to credits for the sale of farms designated at fair value through profit or loss are recognized in "Income/Expense from inflation adjustment of farm receivables" under "Financial income."

ii. Financial assets at amortized cost (debt instrument).

The Company measures financial assets at amortized cost when both of the following conditions are met:

The financial asset is maintained within a business model whose objective is to hold financial assets for the purpose of receiving contractual cash flows.

The contractual terms of the financial asset give rise, on specific dates, to cash flows composed solely of payments of principal and interest on the outstanding principal.

Financial assets at amortized cost are subsequently measured using the effective tax rate method and are subject to impairment. Gains and losses are recognized as profit or loss upon derecognition, modification or impairment of the asset.

The Company's financial assets at amortized cost include all trade account receivables, loans with affiliates and marketable securities given as collateral for loans and financing.

<u>Impairment of financial assets</u>

The Company recognizes a provision for expected credit losses for all debt instruments not held at fair value through profit or loss. Expected credit losses are based on the difference between contractual cash flows due under the contract and all cash flows the Company expects to receive, discounted at an effective tax rate that is close to the original rate of the transaction. Expected cash flows include cash flows from the sale of guarantees held or other credit improvements included in the contractual terms.

The Company considers a financial asset to be in default when contractual payments are overdue more than 90 days. However, in certain cases, the Company may also consider that a financial asset is in default when internal or external information indicate that is unlikely that the Company will receive the full outstanding contractual amounts before taking into account any improvements of the credit held by the Company. A financial asset is derecognized when the Company considers there is no reasonable expectation of recovering the contractual cash flows.

The following criteria is used by the Group uses to determine if there is objective evidence of expected credit losses:

(i) significant financial difficulty of the issuer or obligor;
(ii) a breach of contract, such as a default or delinquency in interest or principal payments;
(iii) the Company, for economic or legal reasons relating to the borrower's financial difficulty, grants to the borrower a concession that the lender would not otherwise consider;
(iv) it becomes probable that the borrower will file a petition for bankruptcy or other financial reorganization;
(v) the disappearance of an active market for that financial asset because of financial difficulties; or
(vi) observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio, including:

- Adverse changes in the payment status of borrowers in the portfolio; and

- National or local economic conditions that correlate with defaults on the assets in the portfolio.

b) Financial liabilities

Initial recognition and measurement

All financial liabilities are initially measured more or less at their fair value in the case of financial liabilities not recognized at fair value through profit or loss, any transaction costs directly attributable to the issue of such financial liability.

The Company's financial liabilities include trade account and other payables, loans and financing, unsecured bank balances and derivative instruments.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

i. Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trade and financial liabilities designated, upon initial recognition, as at fair value through profit or loss.

Financial liabilities are classified as held for trade when they are incurred for repurchase in the short term. This category also includes derivate instruments contracted by the Company that are not designated as hedge instruments under the hedge relations established under CPC 48.

Gains and losses withheld-for-trading liabilities are recognized as profit or loss.
Financial liabilities designated, upon initial recognition, as at fair value through profit or loss are designated on the initial recognition date, and only if they meet the criteria under CPC 48.

ii. Financial liabilities at amortized cost

After initial recognition, loans and financing, contracted and granted, that are subject to interest are subsequently measured at amortized cost, using the effective interest rate method. Gains and losses are recognized in the result when liabilities are derecognized, as well as through the amortization of the effective tax rate.

The amortized cost is calculated based on any premium or discount in the acquisition and fees or costs that compose the effective interest rate method. Amortization through the effective interest rate method is recorded as a financial expense in the statement of income.

This category usually applies to loans and financing granted and contracted, subject to interest payments.

For more information, see Note 16.

2.6. Derivative financial instruments

The Company uses derivative financial instruments, such as future exchange contracts, interest rate swaps and forward commodity contracts, to hedge against risks related to exchange rates, interest rates and commodity prices, respectively. These derivative financial instruments are initially recognized at fair value on the date on which the derivative contract is signed and are, subsequently, remeasured at fair value. Derivatives are recorded as financial assets when their fair value is positive and as financial liabilities when their fair value is negative. The Company did not designate any derivative for hedge accounting.

Any gains or losses arising from changes in the fair value of derivatives during the year are recognized immediately in the statement of operations (Note 25). The fair value of derivative financial instruments is disclosed in Note 6.

2.7. Trade receivables

Trade receivables are amounts due from customers for merchandise and farms sold in the ordinary course of the Company's business. If collection is expected in one year or less, trade receivables are classified as current assets. Otherwise, they are presented as non-current assets.

Trade receivables not related to the sale of farms are initially recognized at fair value, and subsequently, measured at amortized cost under the effective interest rate method less any expected credit losses, if necessary.

Trade receivables related to the sale of farms for which the amount of cash receivable is contractually determined in reais, equivalent to a quantity of soybean bags, are initially classified as financial assets and measures at fair value through profit or loss. In these cases, the amount of the receivable is subsequently remeasured at each balance sheet date by applying to the quantity of sacks of soybean the quotation of soybean for future delivery at the maturity date of each installment (or based on estimates and quotations of brokers when there is no quotation of soybean for future delivery on a specific maturity date) and by multiplying the resulting amount in U.S. dollars at the exchange rate of US$ to R$ for future delivery also on the same maturity date (considering that future soybean quotations are denominated in US$) with the then resulting amount in Reais discounted to present value. The gain (loss) on remeasurement of the receivable is recognized in Financial income under "Income/Expense from inflation adjustment of farm receivables” (Note 25).

2.8. Inventories

The inventories of agricultural products from biological assets are measured at fair value when they are ready to be harvested, less selling expenses, when they are transferred from the group of biological assets to the group of inventories.

The inventories of seeds, manures, fertilizers, pesticides, fuel, lubricants, warehouse and sundry materials were assessed at the average acquisition cost.

According to practices adopted by the Company, upon the identification of loss of quality of products which affect their sales (either due to storage, load, transportation and other events related to the operation) an assessment and physical segregation of the quantity of these products are carried out. At that moment an internal process of registration, approval, disposal of inventories and destination of this quantity is started through the approval of the responsible officers duly formalized in the Company's management system.

A provision for adjustment of inventories to net realizable value of agricultural products is set up when the fair value recorded in inventories is higher than the net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs to sell them. Impairment to net realizable value is recognized in the statement of operations for the year it refers to under "Movement of the provision for impairment of agricultural products after harvest".

2.9. Biological assets

The Company's and its subsidiaries' biological assets consist mainly of the cultivation of soybean, corn, beans, cotton, sugarcane and beef cattle (or cattle production), which are measured at fair value less selling expenses.

Agricultural activity

The fair value of biological assets is determined upon their initial recognition and at each subsequent balance sheet date.

Gains and losses arising from the variation of fair value of biological assets is determined by the difference between fair value and costs incurred with plantation and treatment of crops of biological assets until evaluation, recorded in the statement of operations for the year under "Changes in fair value of biological assets and agricultural products". In certain circumstances, the estimated fair value less selling expenses approximate cost value of formation until that moment, especially when only a little biological transformation has taken place since the initial moment or when no material impact is expected of such biological transformation on price. Biological assets continue to be recorded at their fair value.

Sugarcane crops have a five-year production cycle in average, and the beginning of a new cycle depends on the completion of the previous cycle. Accordingly, the current cycle is classified as short-term biological asset, and the amount related to sugarcane stubble crops (bearer of other cycles) are classified as permanent cultures in property, plant and equipment. The calculation methodology used to estimate the value of the biological asset "sugarcane" was the discounted cash flow at a rate compatible with the risk and the time of operations. For such, we projected the future cash flows in accordance with the projected productivity cycle for each harvest, taking into consideration the estimated useful life of each area, the prices of total sugar recoverable, estimated productivity and the related estimated costs of production, including the cost of land, harvest, loading and transportation for each planted hectare.

The soybean, corn, cotton and beans are temporary crops, in which the agricultural product is harvested after a period of time spanning from 90 to 240 days after the planting date, depending on the culture, variety, geographic location and climate conditions. The calculation methodology used to estimate the value of the biological assets of grains was the discounted cash flow at a rate compatible with the risk and time of operations. For such, we projected the future cash flows taking into consideration the estimated productivity, costs to be incurred based on the company budget or on new internal estimates and market prices. These prices for commodities available in futures markets, were obtained from quotes on the following boards of trade: CBOT ("Chicago Board of Trade"), B3 (Brasil, Bolsa, Balcão), and NYBOT ("New York Board of Trade"). For the agricultural products not quoted in this type of market, we used the prices obtained through direct market surveys or disclosed by specialized companies. Based on market prices, we used the related logistic and tax discounts in order to arrive at the prices of each of these products in each production unit of the Company.

As mentioned above, the fair value of the biological assets disclosed in the balance sheet was determined using valuation techniques - discounted cash flow method. The data of these methods is based on the information observed in the market, whenever possible, and whenever it is not feasible, a certain level of judgment is required to establish the fair value. The judgment includes considerations on the data used, e.g. price, productivity and production cost. Changes in the assumptions on these factors might affect the fair value presented in biological assets.

Cattle raising activity

In 2016, the Company started raising cattle, which typically consists of producing and selling beef calves after weaning, which characterizes the activity as breeding. In Paraguay, the main activity is feeding.

For segregation purposes, when applicable, the Company classifies its cattle herd into: food cattle (current assets), which can be sold as biological asset for meat production; and production cattle (non-current assets), which is used in farm operations to generate other biological assets. Until the conclusion of these financial statements, the Company had beef cattle, which includes breeding and raising, calves, heifers, pregnant heifers, pregnant cows, calves, steers and bulls.

The fair value of cattle is calculated at market value, given the existence of active market. The gain or loss from changes in the fair value of biological assets is recognized in profit or loss for the period when it occurs (Note 9). The Company considered the prices in the cattle market in Bahia state and in Boqueron (Paraguay), considered the main market, and the metrics used in the market.

Accordingly, food cattle, when applicable, and production cattle are measured based on arroba and the age bracket of animals.

2.10. Investment properties

The Company's business strategy aims mainly at the acquisition, development, exploration and sale of rural properties where agricultural activities can be developed. The Company acquires rural properties believed to have significant potential to generate value by means of maintenance of assets and development of profitable agricultural activities. By acquiring rural properties, the Company seeks to implement higher value-added crops and transform these rural properties with investments in infrastructure and technology, in addition to entering into lease contracts with third parties. Based on this strategy, whenever the Company considers that its rural properties became profitable, it sells these rural properties to realize capital gains.

(In thousands of reais, except as stated otherwise)

The land of rural properties purchased by the Company is stated at acquisition cost, which does not exceed its net realizable value, and is presented in "Non-current assets". The fair value of each property is stated in Note 10.

Buildings, improvements and opening of areas in investment properties are valued at historical cost, less accumulated depreciation, following the same criteria described for property, plant and equipment in Note 2.11.

2.11. Property, plant and equipment

Property, plant and equipment is stated at historical cost less accumulated depreciation. Historical cost includes expenditures directly attributable to the acquisition of the items and finance costs related to the acquisition of qualifying assets.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be reliably measured. All other repair and maintenance costs are charged to the statement of operations for the year, as incurred.

Depreciation is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, whose annual depreciation rates are described below:

Annual depreciation rates %

	2020/2019
Buildings and improvements	2-25
Equipment and facilities	10
Vehicles and agricultural machinery	13-20
Furniture and fixtures	10
Opening of areas	5-20
Permanent cultures	16-27

The assets' residual values and useful lives are revised and adjusted, if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the sale price with the carrying amount and are recognized in "Other operating income" in the statement of operations.

2.12. Intangible assets

Intangible assets comprise software license and acquired contractual rights amortized over their estimated useful life of 5 years.

Costs associated with software maintenance are recognized as an expense as incurred.

2.13. Impairment of non-financial assets

According to CPC 01 (IAS 36) – Impairment of assets, including investment properties, property, plant and equipment and intangible assets are subject to impairment tests whenever events or changes in circumstances indicate that their book value may not be recovered.

Assets with definite useful life are reviewed for impairment indicators on each balance sheet date and whenever events or changes in circumstances indicate that the book value may not be recovered. If any indicator is detected, the assets are tested for impairment. An impairment loss is recognized at the amount at which the accounting cost exceeds its recoverable amount.

On June 30, 2020 and 2019, no impairment indicators for these assets were identified.

2.14. Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less, otherwise they are presented as non-current liabilities.

2.15. Loans and financing

Loans and financing are recognized initially at fair value, net of transaction costs incurred and subsequently carried at amortized cost. Any difference between amounts raised (net of transaction costs) and the settlement value is recognized in the statement of operations over the period the loans are outstanding using the effective interest method.

Fees paid on the establishment of loan facilities are recognized as transaction costs to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a prepayment for liquidity services and amortized over the period of the loan to which it relates.

Loans are classified as current liabilities, unless the Company has an unconditional right to defer settlement of the liability for at least 1 year after the balance sheet date.

2.16. Provisions

Provisions are recognized when the Company has a present, legal or constructive obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation, and the amount may be reliably estimated.

The contingent liabilities arising from labor, social security, tax, environmental, contractual, operating obligations and administrative and judicial claims are recorded at their estimated amount when the loss is assessed as probable (Note 3.a).

2.17. Current and deferred income tax and social contribution

a) Current income tax and social contribution

Current and deferred income tax and social contribution are calculated at the rates of 15%, plus 10% additional on taxable profit exceeding R$ 240 per annum for income tax and 9% on taxable profit for social contribution on net profit, and considers the losses on income tax and social contribution carryforward limited to 30% of annual taxable profit, except for the rural activity which is of up to 100% of annual taxable profit. There is no statute of limitations for the balance of losses on income tax and social contribution carryforward.

As permitted by tax legislation in Brazil, certain subsidiaries opted to compute taxable profit as a percentage of gross sales. For these companies, the income tax and social contribution calculation basis is based on the estimated profit assessed at the rate of 8% and 12% on gross revenue, respectively, on which the nominal rates of the related tax and contribution are applied.

b) Deferred income tax and social contribution

Income tax and social contribution is recognized by the estimated future effect of temporary differences and losses on income tax and social contribution carryforward. A deferred income tax liability is recognized and social contribution for all the temporary tax differences, whereas the deferred income tax recoverable is recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. The deferred tax assets and liabilities are classified as long term. The income tax related to items directly recognized in equity for the current or prior year are directly recognized in the same account.

Deferred income tax and social contribution are calculated on losses on income tax and social contribution carryforward, and the related temporary differences between the calculation bases of tax on assets and liabilities and the book values of the financial statements. The rates of these taxes, currently defined for the determination of these deferred credits are 25% for income tax and 9% for social contribution (Notes 17).

2.18. Benefits to employees

a) Share-based payments

The Company operates a number of equity-settled, share-based compensation plans, under which the entity receives services from employees as consideration for equity instruments (options and shares) of the Company.

The cost of transactions settled with shares is recognized as expense for the year, jointly with a corresponding increase in equity during the year in which the conditions of performance and/or provision of services are met. The accumulated expenses recognized in connection with the equity instruments on each base date, until the date of acquisition, reflect the extent to which the acquisition period has expired and the best estimate of the Company and its subsidiaries as to the number of equity instruments to be acquired.

The expense or reversal of expenses for each year represents the changes in accumulated expenses recognized in the beginning and end of the year. Expenses related to services that did not complete their acquisition period are not recognized, except for transactions settled with shares in which the acquisition depends on a market condition or on the non-acquisition of rights, which are treated as acquired, irrespective of whether the market condition or the condition of non-acquisition of rights is fulfilled or not, provided that all other conditions of performance and/or provision of services are met.

When an equity instrument is modified, the minimum expense recognized is the expense that would have been incurred if the terms had not been modified. An additional expense is recognized in case of modification that raises the total fair value of the transaction paid for with shares or that otherwise benefits the employee, as measured on the date of modification.

If an equity instrument is canceled, such instrument is treated as if it was fully acquired on the date of cancellation, and any expenses not yet recognized, relating to the premium, are recognized immediately in the profit or loss of the year.

This includes any premium whose non-acquisition conditions under the control of the Company or the employee are not met. However, if the canceled plan is replaced by a new plan and substitute grants are generated, on the date it is granted, the canceled grant and the new plan will be treated as a modification of the original grant, as described in the previous paragraph. All cancellations of transactions with share-based payments will be treated the same.

b) Profit sharing

The Company provides employees with a participation in a profit-sharing arrangement, pursuant to which all of the employees have the right to receive annual bonuses based on consolidated financial and operating results and also on personal goals set for each employee.

2.19. Share capital

Common shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction of the value raised, net of taxes.

2.20. Revenue from contracts with clients

Revenue comprises the fair value of the consideration received or receivable for the sale of goods in the ordinary course of the Company's activities. Revenue is presented net of taxes, returns, rebates and discounts, when applicable, as well as eliminations of sales among the Company subsidiaries.

The Company recognizes revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the Company's activities, as described below. The Company’s estimates are based on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each sale.

The Company applies the model of CPC 47 to measure and account for revenue from contracts with clients, which establishes the recognition of revenue in an amount that reflects the Company’s expected consideration in exchange for the transfer of good or services to a client. The model is based on five steps: i) identification of the contracts with clients; ii) identification of the performance obligations envisaged in the agreements; iii) determination of the transaction price; iv) allocation of the transaction price to the performance obligations envisaged in the agreements; and v) recognition of revenue when the performance obligation is fulfilled.

a) Sale of goods

Revenue from grain and sugarcane sales is recognized when the significant risks and benefits of ownership of the goods are transferred to the buyer, usually when the products are delivered to the buyer at the given location, according to the agreed sales terms.

In the case of grains, the Company usually enters into sale contracts for future delivery determining that the price may be established by the Company, for the total or partial volume sold, up to the delivery, in accordance with formulas established in contract. In certain cases, this formula established in contract determines a price in U.S. dollars. The amount in reais is also determined in contract, based on the exchange rate effective a few days before the date of financial settlement. The price can also be adjusted by other factors, such as humidity and other technical characteristics of grains.

With regard to the sale of sugarcane, the Company normally enters into sale agreements for future deliveries, in which data such as volume and minimum ATR are pre-fixed. The pricing of sugarcane considers the quantity of ATR per ton of sugarcane delivered, and the ATR amount, disclosed every month by Consecana.

Upon the delivery of grains, the revenue is recognized based on the price established with each buyer considering the exchange rate effective on the delivery date. After the grains are delivered to the addressee, the quality and final weight are evaluated, thus determining the final price of the transaction, and adjusting the contractual amounts in accordance with such factors, as well as by the exchange rate variation up to the settlement date.

b) Sale of farms

Sales of farms are not recognized in the statement of operations until (i) the sale is completed, (ii) the Company determines that it is probable the buyer will pay, (iii) the amount of revenue can be measured reliably, and (iv) the Company has transferred to the buyer the risk of ownership.

The result from sales of farms is presented in the statement of operations as “Gain on sale of farm” by the difference between the value of consideration for the sale and the book value of the farm sold.

c) Revenue from cattle raising

Revenue from the sale of cattle is recognized when the material risks and the benefits of cattle ownership are transferred to the buyer, usually when the cattle is delivered to the buyer at the specified place, in accordance with the terms of the sale agreed upon.

As for the sale of cattle, the company’s operation in Brazil consists basically of a project involving the production and sale of beef calves after weaning (this process is called rearing). However, some animals that prove to be infertile may be sold to meat packers for slaughtering. At the Paraguay operation, the project consists in fattening and selling these animals for slaughtering. The pricing for sale of rearing cattle is based on the price of the arroba of fed cattle in the respective market (the arroba price is verified on the transaction date), the animal weight, plus the premium related to the category. The sale of animals for slaughtering in the Brazil and Paraguay operations, in turn, considers the price of the arroba of fed cattle or heifer/cow on the date of sale in the respective market, applied to carcass yields.

2.21. Financial income and expenses

These comprise interest and monetary and exchange variations arising from loan and financing contracts, short-term investments, accounts receivable from farms, trade accounts receivable, monetary and exchange variation recoverable and payable, gains and losses on measurement at fair value of derivative financial instruments and accounts receivable from sale of farms, as well as discounts obtained from suppliers for the prepayment of trade notes.

2.22. Leases

The Company has executed agreements for land leases and agricultural partnerships, as well as service agreements as recipient. Accordingly, the Company evaluates, on the effective date of all its agreements, if such agreement is or contains a lease arrangement, in other words, if the agreement provides the right to control the use of an asset identified for a period in exchange for consideration.

Company as lessee

The Company applies a single approach for recognizing and measuring all leases, except short-term leases and low-value asset leases. The Company recognizes lease liabilities to effect payments of the leases and right-of-use assets that represent the right to use underlying assets.

Right-of-use assets

The Company recognizes right-of-use assets on the effective date of the lease (i.e., the date on which the underlying asset is available for use). Right-of-use assets are measured at cost, deducting any accumulated depreciation and impairment losses, and adjusted by any new remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, the initial direct costs incurred and the payments of leases made until the effective date, less any lease incentives received.

Right-of-use assets are depreciated on a straight-line basis over the lease period.

Lease liabilities

On the effective date of the lease, the Company recognizes lease liabilities measured at the present value of the lease payments to be made during the lease period. Lease payments include mostly fixed payments less any lease incentives receivable, variable lease payments that depend on an index or rate, and expected amounts to be paid under guarantees of residual value. Lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of fines due to termination of the lease agreement, if the lease period reflects the Company exercising the option to terminate the lease agreement.

Variable lease payments that do not depend on an index or rate are recognized as expenses (except if they were incurred to produce inventories) in the period in which the event or condition that generates these payments occurred.

To calculate the present value of lease payments, the Company uses its incremental loan rate on the effective date because the implicit interest rate in the lease cannot be easily determined. After the effective date, the lease liability amount is increased to reflect the increase in interest and reduced to exclude the lease payments made. Furthermore, the book value of lease liabilities is remeasured if there are any modifications, changes in lease period, changes in lease payments (e.g., changes in future payments resulting from a change in the index or rate used to determine such lease payments) or changes in the value of a purchase option of the underlying asset.

Short-term leases and low-value asset leases

The Company applies the short-term lease exemption for the short-term lease of machinery and equipment (i.e., leases whose period are equal to or less than 12 months as from the effective date and do not have purchase options). It also applies the low-value asset lease exemption to leases of office equipment of low value. Payments of short-term leases and low-value asset leases are recognized as an expense on a straight-line basis during the lease period.

Company as lessor

Leases in which the Company does not transfer substantially all risks and benefits of asset ownership are classified as operating leases. Revenue from rental is registered on a straight-line basis, during the lease period, and is included under revenue in the income statement, due to its operating nature. Initial direct costs incurred in negotiations of operating leases are added to the book value of the rented asset and recognized during the lease period with a base similar to that of revenue from rentals. Contingent rentals are recognized as revenue during the period in which they are calculated.

2.23. Distribution of dividends

Distributions of dividends and interest on equity to the Company's stockholders are recognized as a liability in the Company's financial statements at year end based on the Company's articles of incorporation. Any amount that exceeds the minimum required dividend is only accrued on the date it is approved by the stockholders at the general meeting, according to the proposal presented by the Board of Directors.

2.24. Adjustment to present value – assets and liabilities

The elements comprising assets and liabilities, arising from long- or short-term operations of material effect, are adjusted to present value.

Accordingly, certain elements of assets and liabilities are adjusted to present value, based on discount rates, which aim to reflect the best estimates, as regards to the time value of money.

The discount rated used varies in accordance with the features of assets and liabilities in question. That is, it shall depend on the risk, term and specifics of the mentioned item. Its basis and assumption are the average rate of loans and financing raised by the Company, net of inflation effect.

2.25. Basic and diluted earnings (loss) per share

The basic earnings/(loss) per share are calculated by dividing the available net income to common shareholders by the average weighted number of outstanding common shares during the year.

The diluted earnings per share are similarly computed, except that outstanding shares are added to include the number of additional shares that would be outstanding if the shares with potential dilution attributable to stock options and warrants had been issued during the related years, using the weighted average price of shares.

2.26. Statements of cash flows and value added

The statements of cash flows are prepared and presented in accordance with CPC 03 (R2) – Statement of cash flows, issued by the Accounting Pronouncements Committee (CPC). The statements of value added are prepared and presented in accordance with CPC 09 – Statement of value added, issued by CPC.

The interest paid and the dividends received are classified as cash flows from financing and cash flows from investments, respectively, since they are costs for obtaining financial resources and return on the investments, and are not considered operating activities by the Company.

2,27. Non-financial obligations

Given the lack of Pronouncement, Interpretation or Guidance applicable to the specific situation of obligations to deliver fixed amounts of soybean as consideration for the purchase of investment property under IAS 40, the Management exercised its judgment to result in information that is:

(a) relevant for economic decision-making by the users; and
(b) reliable, so that the financial statements:
  (i) adequately represent the equity and financial position, the financial performance and the cash flows of the entity;
  (ii) reflect the economic essence of transactions, other events and conditions, not merely their legal aspects;
  (iii) are judicious; and
  (iv) are complete in all material aspects.

BrasilAgro believes that the cost of acquisition of investment properties subject to IAS 40 includes the obligation to deliver agricultural products on future dates. This obligation is initially measured at its fair value on the date the property is recognized. The Company adopts criteria for remeasuring the obligation to deliver agricultural products for the purchase of properties at their fair value on each reporting date against profit or loss. The gain (loss) from remeasurement of this obligation is recognized in the financial result.

2.28. Business combinations

Business combinations are registered using the acquisition method. The cost of an acquisition is measured by the sum of consideration transferred, which is evaluated based on the fair value on the acquisition date and the value of any non-controlling shareholding in the acquired company.
When the Company acquires a business, the Company evaluates the financial assets and liabilities assumed to classify and allocate them in accordance with the contractual terms, economic circumstances and pertinent conditions on the acquisition date.

Any contingent consideration to be transferred by the acquiring company will be recognized at fair value on the acquisition date. Any subsequent changes in the fair value of the contingent consideration classified as an asset or liability must be recognized in accordance with CPC 48 in the profit or loss.

2.29. Non-current assets held for sale

The Company classifies a non-current asset as held for sale when its book value is recovered, mainly through a sale transaction instead of continuous use. These non-current and held-for-sale assets are measured at the lesser of book value and fair value net of selling expenses. Selling expenses are represented by incremental expenses directly attributed to sales, excluding financial expenses and tax on profit.

The criteria for classifying non-current assets held for sale are met when the sale is highly probable and the asset or group of assets held for sale are available for immediate sale in its current conditions, subject only to terms typical to the sale of such assets held for sale.

2.30. Fair value measurement

The Company measures financial instruments (such as derivatives) and non-financial instruments (Biological assets) at fair value on each reporting date.

Fair value is the price that would be received for the sale of an asset or paid for the transfer of a liability in a transaction that is not forced between market participants on the measurement date. Fair value measurement is based on the assumption that the transaction to sell the asset or transfer the liability will take place:

- in the principal market; and
- in the absence of a principal market, in the most advantageous market. The principal or more advantageous market must be accessible by the Company.

The fair value of an asset or liability is measured based on the assumptions that market participants would adopt when determining the price of an asset or liability, assuming that the market participants act in accordance with their best economic interest.
The fair value measurement of a non-financial liability takes into account the capacity of the market participant to generate economic benefits using the asset for its best use possible or selling it to another market participant that will use the asset in its best use.

The Company uses valuation techniques that are appropriate under certain circumstances and for which there are sufficient available data to measure the fair value, maximizing the use of significant observable data and minimizing the use of non-observable data.

All assets and liabilities for which the fair value is measured or disclosed in the financial statements are classified according to following fair value hierarchy:

- Level 1 – unadjusted quoted prices in active markets for identical assets and liabilities to which the entity may have access on the measurement date;
- Level 2 – valuation techniques for which the information of lower level and significance for measurement of fair value is directly or indirectly observable; and

Level 3 – valuation techniques for which the information of lower level and significance for measurement of fair value is not available.

(In thousands of reais, except as stated otherwise)

2.31. New standards, alterations and interpretations of standards

New or revised pronouncements applied for the first time in the current year

The Company understands that, except for the changes introduced by IFRS 16/CPC – 06 (R2) – Leases, the amendments and revisions of the rules issued by the International Accounting Standards Board (IASB) and the Accounting Pronouncements Committee (CPC), to be mandatorily adopted for the first time in the current fiscal year, did not produce significant impacts on its financial statements.

Standards issued and applicable as of July 1, 2019

Since the Company's fiscal year begins on July 1, the standards to be mandatorily applied as from January 1, 2019 were adopted by the Company in the fiscal year beginning July 1, 2019.The nature and effectiveness of each of the new standards and alterations are described below:

a. IFRS 16 – Leases

IFRS 16/CPC - 06 (R2) – Leases, issued in January 2016, replaces IAS 17 – Leases, IFRIC 4 – Determining Whether an Arrangement Contains a Lease, SIC-15 – Operating leases, and SIC-27 – Evaluating the Substance of Transactions in the Legal Form of a Lease.

IFRS 16 establishes the principles for recognition, measurement, presentation and demonstration of leases and requires that lessees book all leases using a single model in the balance sheet, similar to the accounting of financial leases under IAS 17.

IFRS 16/CPC 06 (R2) came into force on January 1, 2019. Said standard had significant impacts on the separate and consolidated financial statements, since the Company started to recognize lease liabilities and right-of-use assets on the date of initial application for leases previously classified as operating leases. The Company's main contract are related to agricultural partnership operations and land lease, in addition to other less relevant contracts that involve the lease of machinery, vehicles and properties (Note 13). In the fiscal year starting July 1, 2019, the Company adopted IFRS 16/CPC – 06 (R2) for the first time.

The main impacts from the first-time adoption of IFRS 16/CPC 06 (R2) on the balance sheet for the fiscal year started on July 1, 2019 are presented below:

				Company
	Original amount	Reclassifications	Impacts - IFRS 16	Adjusted
Assets				
Right-of-use of leases (Note 13)	-	-	163,042	163,042
Other assets	1,213,784	-	-	1,213,784
Total	1,213,784	-	163,042	1,376,826
Liabilities and shareholders' equity				
Lease payable (Note 14)	-	27,380	163,042	190,422
Trade account payables and other liabilities	89,605	(21,133)	-	68,472
Related-party transactions	7,295	(5,993)	-	1,302
Financial lease	254	(254)	-	-
Other liabilities	236,097	-	-	236,097
Shareholders' Equity	880,533	-	-	880,533
Total	1,213,784	-	163,042	1,376,826

(In thousands of reais, except as stated otherwise)

				Consolidated
	Original amount	Reclassifications	Impacts - IFRS 16	Adjusted
Assets				
Right-of-use of leases (Note 13)	-	-	92,794	92,794
Other assets	1,357,614	-	-	1,357,614
Total	1,357,614	-	92,794	1,450,408
Liabilities and shareholders' equity				
Lease payable (Note 14)	-	47,446	92,794	140,240
Trade account payables and other liabilities	138,654	(26,249)	-	112,405
Financial lease	21,197	(21,197)	-	-
Related-party transactions	2,405	-	-	2,405
Other liabilities	314,825	-	-	314,825
Shareholders' Equity	880,533	-	-	880,533
Total	1,357,614	-	92,794	1,450,408

Adopted method

The Company opted to adopt the modified retrospective approach with accrued effects registered on July 1, 2019, considering the value of the right-of-use of the asset measured at the value equivalent to the lease liability, adjusted by the amount of any payments made in advance or accumulated related to these leases that were recognized in the balance sheet immediately prior to first-adoption of the standard. Lease liabilities will be discounted at present value by the incremental interest rate of the lessee on the transition date.

Other impacts

The Company has land lease contracts with its subsidiaries that led the adoption of said standard to cause differences between the parent company and consolidated results, which were adjusted in the calculation of equity income (loss) of the parent company so that the result for the period of the parent company and the consolidated result attributed to the controlling shareholders were equal, based on ICPC 09 (R2) – Company Financial Statements, Separate Statements, Consolidated Statements and Application of the Equity Method of Accounting. The calculation of equity income (loss) is presented in Note 11.

b. Interpretation IFRIC 23 – Uncertainty over income tax treatments

The Interpretation (corresponding to ICPC 22) deals with the accounting of income taxes in cases where the tax treatments involve uncertainty that affects the application of IAS 12 (CPC 32) and does not apply to taxes outside the scope of IAS 12 or include specifically the requirements related to interest and fines associated with uncertain tax treatments. The Interpretation specifically addresses the following:

- If the entity considers uncertain tax treatments separately;
- The assumptions of the entity regarding the examination of tax treatments by tax authorities;
- How the entity determines taxable income (tax loss), calculation bases, unused tax losses, tax credits from prior periods and tax rates;
- How the entity considers changes in facts and circumstances.

The entity must determine if it considers each uncertain tax treatment separately or jointly with one or more uncertain tax treatments. The entity must follow the approach that best provides the resolution of the uncertainty. The interpretation is valid for annual periods starting after January 1, 2019. The Company adopted the standard as of July 1, 2019 and concluded that there are no significant effects on its interim separate and consolidated financial statements.

Standards issued but not yet in force

a. Amendments to CPC 15 (R1): Defining businesses

In October 2018, the IASB issued amendments to IFRS 3 regarding the definition of a business, and such amendments were reflected in CPC revision 14, changing CPC 15 (R1) to help entities to determine if a set of activities and assets acquired is a business or not. They clarify the minimum requirements for a company, eliminate the assessment of if market participants are capable of replacing missing elements, include guidelines to help entities to evaluate if an acquired process is substantive, determine better the definitions of business and outputs and introduce a test of concentration of optional fair value. New illustrative cases were provided with the amendments.

Since the amendments apply prospectively to transactions or other events occurring on the date or after the first-time adoption, the Company will not be affected by these amendments on the transition date.

b. Amendments to CPC 26 (R1) and IAS 8: Definition of material omission

In October 2018, IASB issued amendments to IAS 1 and IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors, and these amendments were reflected in CPC revision 14, changing CPC 26 (R1) and CPC 23 to align the definition of omission in all standards, with the information material if omitting, misstating or obscuring if it could reasonably influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity

Such amendments are not expected to have a significant impact on Company’s individual and consolidated financial statements.

There are no other standards and interpretations issued and not yet adopted that may, in the opinion of the Management, significantly impact profit or loss or shareholders’ equity disclosed by the Company.

3. Significant accounting estimates and judgments

Accounting estimates and judgments are continuously assessed and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the current circumstances.

Based on the assumptions the Company estimates its future. The resulting accounting estimates will, by definition, seldom equal the related actual amounts. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next year are addressed below.

a) Contingencies

The Company is a party to various judicial and administrative lawsuits, as described in Note 25. Provisions are set up for all the contingencies related to judicial lawsuits that are estimated to represent probable losses (present obligations resulting from past events and probable outflow of resources that incorporate economic benefits to settle the obligation, with reliable estimate of value). The evaluation of the probability of loss includes the opinion of external legal advisors. Management believes that these contingencies are properly recorded and presented in the financial statements.

b) Biological assets

The fair value of biological assets recorded in the balance sheet (Note 9) was determined using valuation techniques, including the discounted cash flow method and/or price in the active market, when applicable. The inputs for these methods are based on those observable in the market, whenever possible, and when not feasible, a certain level of judgment is required to estimate the fair value. Judgment includes considerations on data e.g. price, productivity, crop cost and production cost.

Changes in the assumptions on these factors might affect the fair value recognized for biological assets.

An increase or decrease by 1% in the expected productivity of sugarcane and grains/cotton would result in an increase or decrease in biological asset by R$1,544 and an increase or decrease by 1% in the price of sugarcane and grains/cotton would result in an increase or decrease in biological asset by R$2,203.

With regard to cattle, the Company values its breeding stock at fair value based on market price for the region.

c) Investment properties

The fair value of investment properties disclosed in the notes to financial statements was obtained through the valuation of farms, performed by specialists from the Company. The valuation was carried out by means of standards practiced in the market considering the characterization, location, type of soil, climate of the region, calculation of improvements, presentation of the elements and calculation of the land value, which may change in relation to these variables.

Methodology used

At June 30, 2020, investment properties were valued by applying the comparative analysis methodology adjusted by its related features:

i) The valuation relied, among other, on the following information: (i) location of farms, (ii) total area and its related percentages of opening and use;
ii) The market value presented for the farm corresponds to the portion of bare land, for payment in cash, not including machinery, equipment, agricultural inputs, cultivation. The soil adjustment factor (preparation of land for planting) was considered in the assessment of prices;
iii) The value of land for agriculture, in the surveyed region, is referenced to the price of soybean bag for the Brazilian units, and in U.S. dollars per hectare for the Paraguay unit. The unit amounts of the farms for sale (market researches) were obtained in soybean bags per hectare or in USD per hectare. Accordingly, the amount in reais (R$) of the property varies directly due to the variation in the soybean price and in the U.S. dollar; and

iv) The soybean price considered at the base date of the work, June 30, 2020, was R$85.86 (West Region – Bahia), R$86.76 (Balsas Region – Maranhão), R$84.05 (Alto Taquari Region – Mato Grosso) and R$84.05 (Mineiros Region – Goiás) and the U.S. dollar for the period was R$/USD5.48. This amount represents an average in amounts arbitrated by the real estate market of the region due to the great instability in the amount of soybean bag.

d) Deferred income tax

The Company recognizes deferred assets and liabilities, as described in Note 17, based on the differences between the carrying amount presented in the financial statements and the tax basis of assets and liabilities using the effective rates. The Company regularly revises the deferred tax assets for the possibility of recovery, considering the generated historical profit and the forecast future taxable profit, in accordance with a study of technical feasibility.

e) Leases

The Company analyzes its agreements in accordance with the requirements of IFRS 16/CPC 06 (R2) and recognizes right-of-use assets and lease liabilities for the lease operations under agreements that meet the requirements of the accounting standard. The Management of the Company considers as the lease component only the minimum fixed value for the purpose of measuring the lease liabilities. The measurement of lease liabilities corresponds to the total future payments of leases and rentals, adjusted to present value, considering the nominal discount rate.

f) Non-financial obligations

The Company analyzes its agreements in accordance with the requirements of IFRS 16/CPC 06 (R2) and recognizes right-of-use assets and lease liabilities for the lease operations under agreements that meet the requirements of the accounting standard. The Management of the Company considers as the lease component only the minimum fixed value for the purpose of measuring the lease liabilities. The measurement of lease liabilities corresponds to the total future payments of leases and rentals, adjusted to present value, considering the nominal discount rate which ranges between 4.82% and 6.91%.

For the cases where payments are indexed to the soybean bag, future minimum payments are estimated in number of soybean bags and translated into local currency using the soybean price of each region, on the base date of first-time adoption of IFRS 16 / CPC 06, and adjusted to the current price at time of payment. Meanwhile, payments indexed to Consecana are stipulated in tons of cane and translated into local currency based on the Consecana price in effect at the time.

4. Financial risk management

4.1. Financial risk factors

The Company operates with various financial instruments, mainly including cash and cash equivalents, marketable securities, Accounts receivable and sundry credits, related-party transactions, trade accounts payable, accounts payable for the purchase of farms and loans and financing and derivative instruments.

Certain Company's operations are exposed to market risks, mainly in relation to exchange rates, interest rates and changes in the prices of agricultural commodities. As a result, the Company also operates derivative financial instruments, used to hedge crops or balance sheet components, depending on the nature of the operation.

Considering the nature of the instruments, excluding derivative financial instruments, the fair value is basically determined by the application of the discounted cash flow method. The amounts recorded under current assets and liabilities have either immediate liquidity or maturity in less than 12 months. Considering the terms and characteristics of these instruments, which are systematically renegotiated, the book values approximate fair values.

4.2. Policies approved by the Board of Directors for the use of financial instruments, including derivatives

The Company's adopts the following policies guiding its financial instruments, which have been approved by the Board of Directors: (i) Investment Policy which provides guidance on Company's investment of available funds, considering the risks of counterparty, credit instruments and liquidity, among others; (ii) derivative financial instruments policy which provides guidance on management of the Company's exposures to foreign currency, interest rate and indices risks, and agricultural commodities price risk, always relating derivative financial instruments to an asset or liability that generates the exposure; and (iii) Risk Policy, which addresses items not covered by the Investment Policy or in the derivative financial instruments policy or still related to the hedge of future cash flows, e.g. sale of future production of commodities.

a) Cash and cash equivalents, marketable securities, Accounts receivable and sundry credits, loans with related parties and accounts payable. The amounts recorded approximate their estimated fair value.

b) Loans and financing. The book value of loans and financing denominated in reais have its interest rates either fixed or based on the variation of TJLP (Long-Term Interest Rate), Selic and exchange rate and approximates fair value. The Executive Officers report the operations entered into at the Board of Directors' meetings.

4.3. Analysis of exposure to financial asset and liability risks

a) Foreign currency risk

This risk arises from the possibility of the Company incurring losses due to fluctuations in exchange rates, which reduce the nominal values of assets or increase the values of liabilities. This risk also arises with respect to commitments to sell existing products in inventories or still in formation, at prices to be set, depending on the exchange rate.

b) Interest rate and indices risk

This risk arises from the possibility of the Company incurring losses due to fluctuations in the interest rates or indices which increase financial expenses with respect to contracts for the acquisition of farms, indexed by the IGP-M ("FGV")

c) Commodities risks

This risk arises from the possibility of the Company incurring losses due to fluctuations in the market prices of agricultural products.

4.4. Objectives and strategies of risk management and of use of derivative instruments

The management of financial risks is a responsibility of the Executive Officers which evaluates the exposure to risks such as foreign currency, interest rate and index and agricultural commodities existing in assets, liabilities and expected transactions of the Company. Considering the exposure to such risks, Company management evaluates the convenience, cost and availability in the market of derivative financial instruments which allow reducing the existing exposure to such risks. After such assessment, the Officers decide to enter into derivative financial instruments within the parameters previously approved in the Policies referred to above and reported to the Board of Directors in meetings.

4.5. Risks related to each operating strategy

The use of derivative instruments aims to reduce the risks of changes in cash flows arising from variations in exchange rates, interest rates and price indexes, and from variations in the price of agricultural commodities.

However the change in the fair value of the derivative financial instrument may differ from the change in the cash flows or fair value of the assets, liabilities or forecasted transactions which are being hedged, as a result of different factors, such as, among others, differences between the contract dates, the maturity and settlement dates, or differences in "spreads" on the financial assets and liabilities being hedged and the corresponding spreads in the related legs of the swaps. In the case of the derivative financial instruments strategy to hedge recognized assets and liabilities, management believes that the derivative financial instruments present a high degree of protection with respect to the changes in the assets and liabilities being hedged.

In the case of the strategy to hedge forecasted sales of soybean or to hedge accounts payable/receivable that have its amount subject to changes based on commodities, there may be differences arising from additional factors, such as differences between the estimated and actual soybean volume to be harvested, or differences between the quoted price of soybean in the international markets where the derivative financial instruments are quoted and the price of soybean in the markets in which soybean is physically delivered/received by the Company. Should the soybean volume effectively harvested be lower than the amount for which financial instruments were contracted, the Company will be exposed to variations in the price of the commodities by the volume hedged in excess and vice-versa should the soybean volume effectively harvested be higher than the hedged volume.

In the case of exposure to exchange rates, there is a risk that the volume of U.S. dollars sold through forward contracts will be higher than the volume to which the Company is exposed. In such case, foreign exchange risk continues to exist in the same proportion as the mismatch, which could result from a reduction in the expected yield of a certain commodity or in a reduction in prices denominated in foreign currencies.

4.6. Controls over the use of derivative financial instruments

Additionally, the Company is subject to credit risk with respect to the counterparty of the derivative financial instrument. The Company has contracted derivative financial instruments either traded on stock exchanges or from prime financial institutions or trading companies. The Company understands that at the balance sheet date there are no indications of collectability risk with respect to the amounts recognized as assets with respect to derivative financial instruments.

The main controls established on the use of derivative financial instruments are as follows:

- Establishment of policies defined by the Board of Directors;

- Prohibition to enter into derivative financial instruments that have not been approved by the Executive Officers;

- Maintenance by the Executive Officers of a centralized inventory of outstanding derivative financial instruments;

- Daily risk report with the consolidated position provided to a group comprising the Executive Officers and designated members of the Board of Directors;

- Monthly monitoring by the Executive Officers of the fair values as reported by the counterparties as compared to the amounts estimated by management; and

- The fair value of the derivative financial instruments is estimated based on the market in which they were contracted and also in which the instruments are inserted.

4.7. Impact of derivative financial instruments on the statement of operations

Gains and losses from changes in the fair value of derivative financial instruments are recognized in the statement of operations separately between realized results (corresponding to derivative financial instruments that have already been settled) and unrealized results (corresponding to derivative financial instruments not yet settled).

4.8. Estimate of fair value of derivative financial instruments

The fair value of derivative financial instruments traded on stock exchanges (B3 and Chicago Board of Trade) is determined based on the quotes ruling at the balance sheet date. To estimate the fair value of derivative financial instruments not traded on stock exchanges the Company uses quotes for similar instruments or information available in the market and uses valuation methodologies widely used and that are also used by the counterparties. The estimates do not necessarily guarantee that such operations may be settled at the estimated amounts. The use of different market information and/or valuation methodologies may have a relevant effect on the amount of the estimated fair value.

Specific methodologies used for derivative financial instruments entered into by the Company:

- Derivative financial instruments of agricultural commodities - The fair value is obtained by using various market sources including quotes provided by international brokers, international banks and available on the Chicago Board of Trade (CBOT).

- Derivative financial instruments of foreign currencies - The fair value is determined based on information obtained from various market sources including, as appropriate, B3 S.A. – Brasil, Bolsa, Balcão, local banks, in addition to information sent by the operation counterparty.

(In thousands of reais, except as stated otherwise)

a) Sensitivity analysis

Management identified for each type of derivative financial instrument the situation of variation in foreign exchange rates, interest rates or commodities prices which may generate loss on assets and/or liabilities which is being hedged or, in the case of derivative financial instruments related to transactions not recorded in the balance sheet, in the fair value of the contracted derivatives.

The sensitivity analysis aims at measuring the impact from the changes in the market variables on the aforementioned financial instruments of the Company, considering all other market indicators comprised. Upon their settlement, such amounts may differ from those stated below, due to the estimates used in their preparation.

This analysis contemplates 5 distinct scenarios that differ among them due to the intensity of variation in relation to the current market. At June 30, 2020, as probable scenarios for the coming 12 months, I, II, III and IV a variation in relation to the current market of 0%, -25%, -50%, +25%, +50%, respectively, was considered.

The preparation of the Probable Scenario took into consideration the market prices of each one of the reference assets of derivative instruments held by the Company at the closing of this year. Since all these assets are inserted in competitive and open markets, the current market price is a satisfactory reference for the expected price of these assets. Accordingly, since the current market price was the reference for the calculation of both book value of derivatives and the Probable Scenario, the result of the latter one is the same, because the rates and prices of each operation maturity were used. The assumptions and scenarios are as follows:

	6/30/2020				
	Probable scenario	Scenario I -25%	Scenario II -50%	Scenario III +25%	Scenario IV+ 50%
Soybean - R$ / bag – July 3, 2020 (CBOT)	106.76	80.07	53.38	133.45	160.14
Soybean - R$ / bag – November 13, 2020 (CBOT)	106.51	79.88	53.26	133.14	159.77
Soybean - R$ / bag – December 28, 2020 (CBOT)	106.67	80.00	53.34	133.34	160.01
Soybean - R$ / bag – February 19, 2021 (CBOT)	106.09	79.57	53.05	132.61	159.14
Soybean - R$ / bag – June 25, 2021 (CBOT)	106.67	80.00	53.34	133.34	160.01
Corn - R$ / bag – July 15, 2020 (CBOT)	48.10	36.08	24.05	60.13	72.15
Corn - R$ / bag – July 16, 2020 (CBOT)	46.26	34.70	23.13	57.83	69.39
Corn - R$ / bag – September 15, 2020 (CBOT)	46.26	34.70	23.13	57.83	69.39
Corn - R$ / bag – September 16, 2020 (CBOT)	46.26	34.70	23.13	57.83	69.39
Corn - R$ / bag – August 27, 2021 (CBOT)	47.44	35.58	23.72	59.30	71.16
Fed Cattle - R$ / arroba – October 30, 2020 (BM&F)	215.85	161.89	107.93	269.81	323.78
Cotton - R$ / arroba – November 13, 2020(CBOT)	110.25	82.69	55.13	137.81	165.38
Cotton - R$ / arroba – December 8, 2020(CBOT)	110.25	82.69	55.13	137.81	165.38
Cotton - R$ / arroba – November 12, 2021(CBOT)	109.16	81.87	54.58	136.45	163.74
USD – August 31, 2020	5.45	4.09	2.73	6.81	8.18
USD – November 30, 2020	5.46	4.10	2.73	6.83	8.19
USD – June 28, 2021	5.50	4.13	2.75	6.88	8.25
USD – June 29, 2021	5.50	4.13	2.75	6.88	8.25
USD – June 30, 2021	5.50	4.13	2.75	6.88	8.25
USD – July 15, 2021	5.51	4.13	2.76	6.89	8.27
USD – November 16, 2021	5.56	4.17	2.78	6.95	8.34
USD – November 17, 2021	5.56	4.17	2.78	6.95	8.34
Interest (rate%) – August 15, 2023	4.67%	3.50%	2.34%	5.84%	7.01%

	6/30/2019				
	Probable scenario	Scenario I -25%	Scenario II -50%	Scenario III +25%	Scenario IV+ 50%
Soybean - R$ / bag – December 20, 2019 (CBOT)	80.69	60.52	40.35	100.86	121.04
Soybean - R$ / bag – February 21, 2020 (CBOT)	79.55	59.66	39.78	99.44	119.33
Soybean - R$ / bag – June 26, 2020 (CBOT)	80.69	60.52	40.35	100.86	121.04
Soybean - R$ / bag – June 29, 2020 (CBOT)	80.69	60.52	40.35	100.86	121.04
Corn - R$ / bag – August 23, 2019 (CBOT)	38.45	28.84	19.23	48.06	57.68
Corn - R$ / bag – September 13, 2019 (CBOT)	38.45	28.84	19.23	48.06	57.68
Corn - R$ / bag – September 17, 2019 (BM&F)	37.16	27.87	18.58	46.45	55.74
Corn - R$ / bag – December 20, 2019 (CBOT)	37.77	28.33	18.89	47.21	56.66
Corn - R$ / bag – August 24, 2020 (CBOT)	37.77	28.33	18.89	47.21	56.66
Fed Cattle - R$ / arroba – July 31, 2019 (BM&F)	156.00	117.00	78.00	195.00	234.00
Fed Cattle - R$ / arroba – October 31, 2019 (BM&F)	164.15	123.11	82.08	205.19	246.23
Fed Cattle - R$ / arroba – November 1, 2019 (BM&F)	164.15	123.11	82.08	205.19	246.23
Cotton - R$ / arroba – July 12, 2019 (CBOT)	83.74	62.81	41.87	104.68	125.61
Cotton - R$ / arroba – November 11, 2019 (CBOT)	83.74	62.81	41.87	104.68	125.61
Cotton - R$ / arroba – December 6, 2019 (CBOT)	83.74	62.81	41.87	104.68	125.61
USD – July 4, 2019	3.83	2.87	1.92	4.79	5.75
USD – July 5, 2019	3.83	2.87	1.92	4.79	5.75
USD – July 30, 2019	3.85	2.89	1.93	4.81	5.78
USD – July 31, 2019	3.85	2.89	1.93	4.81	5.78
USD – August 30, 2019	3.86	2.90	1.93	4.83	5.79
USD – November 26, 2019	3.89	2.92	1.95	4.86	5.84
USD – March 30, 2020	3.93	2.95	1.97	4.91	5.90
Interest (rate%) – August 15, 2023	6.83%	5.12%	3.42%	8.54%	10.25%

This sensitivity analysis aims to measure the impact of variable market changes on the aforementioned financial instruments of the Company, considering all other market indicators included. Upon their settlement, such amounts may differ from the ones stated below, due to the estimates used in their preparation.

In addition, the Company presents a summary of possible scenarios for the following 12 months of the Company's financial instruments. Reliable sources of indices disclosure were used for the rates used in the "probable scenario".

				Amounts in thousands reais R$										
				CONSOLIDATED				Scenario I - Possible		Scenario II - Remote		Scenario I - Possible		Scenario II - Remote
(*) annual average rates				At June 30, 2020	Scenario I - Probable		Decrease	-25%	Decrease	-50%	Increase	25%	Increase	50%
Operation	**Risk**	**Balance (R$)**	**Notional**	**Rate**	**Balance (R$)**	**Rate(*)**	**Balance (R$)**	**Rate**	**Balance (R$)**	**Rate**	**Balance (R$)**	**Rate**	**Balance (R$)**	**Rate**
Short-term investments	CDI	141,095	-	2.15%	(310)	2.37%	(832)	1.78%	(1,679)	1.19%	832	2.96%	1,679	3.56%
Marketable securities	CDI	5,044	-	2.15%	(11)	2.37%	(30)	1.78%	(60)	1.19%	30	2.96%	60	3.56%
Cash - USD	USD	27,688	5,056	5.48	(126)	5.50	(6,954)	4.13	(13,907)	2.75	6,954	6.88	13,907	8.25
Total cash, cash equivalents		**173,827**	**5,056**		**(447)**		**(7,816)**		**(15,646)**		**7,816**		**15,646**	
Financing in Paraguay - Palmeiras	USD	(8,590)	(1,569)	5.48	(216)	5.50	11,814	4.13	23,628	2.75	(11,814)	6.88	(23,628)	8.25
Debentures	CDI	(148,432)	-	2.15%	(327)	2.37%	876	1.78%	1,766	1.19%	(876)	2.96%	(1,766)	3.56%
Financing for agricultural costs	CDI	(40,568)	-	2.15%	(89)	2.37%	243	1.78%	483	1.19%	(243)	2.96%	(483)	3.56%
Financing for working capital	CDI	(77,516)	-	4.94%	-	4.94%	961	3.71%	1,915	2.47%	(961)	6.18%	(1,915)	7.41%
Total financing (b)		**(275,106)**	**(1,569)**		**(632)**		**13,894**		**27,792**		**(13,894)**		**(27,792)**	
Araucária III	Soybean bags	3,336	39,254	88.20	-	88.20	(834)	66.15	(1,668)	44.10	834	110.25	1,668	132.30
Araucária IV	Soybean bags	7,258	84,929	88.02	-	88.02	(1,815)	66.01	(3,629)	44.01	1,815	110.02	3,629	132.02
Araucária V	Soybean bags	37,504	450,000	92.50	-	92.50	(9,376)	69.38	(18,752)	46.25	9,376	115.63	18,752	138.75
Jatobá I	Soybean bags	2,569	30,000	87.40	-	87.40	(642)	65.55	(1,285)	43.70	642	109.25	1,285	131.10
Jatobá II	Soybean bags	129,741	1,571,397	97.76	-	97.76	(32,435)	73.32	(64,871)	48.88	32,435	122.20	64,871	146.64
Jatobá III	Soybean bags	47,384	563,844	97.81	-	97.81	(11,846)	73.36	(23,692)	48.91	11,846	122.27	23,692	146.72
Jatobá IV	Soybean bags	15,481	184,000	93.10	-	93.10	(3,870)	69.83	(7,741)	46.55	3,870	116.38	7,741	139.66
Jatobá V	Soybean bags	33,029	397,368	95.73	-	95.73	(8,257)	71.80	(16,515)	47.86	8,257	119.66	16,515	143.59
Alto Taquari I	Soybean bags	3,545	45,312	86.24	-	86.24	(886)	64.68	(1,773)	43.12	886	107.80	1,773	129.36
Alto Taquari II	Soybean bags	3,554	42,900	88.55	-	88.55	(889)	66.41	(1,777)	44.27	889	110.68	1,777	132.82
Alto Taquari III	Soybean bags	7,946	93,478	88.55	-	88.55	(1,987)	66.41	(3,973)	44.27	1,987	110.68	3,973	132.82
Total receivables from farms		**291,347**	**3,502,482**		**-**		**(72,837)**		**(145,676)**		**72,837**		**145,676**	
Operations with derivatives, net	Grains	(3,785)	(1,815,489)	(a)	(3,984)	(a)	29,285	(a)	62,554	(a)	(37,252)	(a)	(70,521)	(a)
Operations with derivatives, net	USD	(12,007)	(38,020)	(a)	(12,007)	(a)	39,271	(a)	90,548	(a)	(63,285)	(a)	(114,563)	(a)
Operations with derivatives, net	Cattle	-	(54,450)	(a)	-	(a)	3,711	(a)	8,065	(a)	(4,999)	(a)	(9,354)	(a)
Operations with derivatives, net	Cotton	651	(1,518)	(a)	647	(a)	3,985	(a)	7,322	(a)	(2,690)	(a)	(6,027)	(a)
Operations with derivatives, net	Ethanol	-	(750)	(a)	-	(a)	336	(a)	672	(a)	(336)	(a)	(672)	(a)
Operations with derivatives, net	Swap	1,257	11,847	(a)	1,554	(a)	1,733	(a)	1,919	(a)	1,378	(a)	1,207	(a)
Margin - LFT Socopa	SELIC	3,015	-	2.15%	(7)	2.37%	(18)	1.78%	(36)	1.19%	18	2.96%	36	3.56%
Total derivatives (a)		**(10,869)**			**(13,797)**		**78,303**		**171,044**		**(107,166)**		**(199,894)**	
Cresca, net	USD	(1,724)	(315)	5.48	(9)	5.50	433	4.13	866	2.75	(433)	6.88	(866)	8.25
Helmir, net	USD	314	57	5.48	-	5.50	(78)	4.13	(157)	2.75	78	6.88	157	8.25
Total related parties		**(1,410)**	**(258)**		**(9)**		**355**		**709**		**(355)**		**(709)**	
Serra Grande Farm	Soybean bags	(14,263)	162,000	91.29	-	91.29	3,566	68.47	7,132	45.64	(3,566)	114.11	(7,132)	136.93
Total Acquisitions payable		**(14,263)**	**162,000**		**-**		**3,566**		**7,132**		**(3,566)**		**(7,132)**	

(*) SOURCE Risks: Bloomberg
(a) For sensitivity analysis of derivative positions, forward rates and prices at each maturity date of the operation were used, according to the table above.
(b) The sensitivity analyses do not consider financing transactions with fixed rate.

b) Credit risk

Credit risk refers to the risk of the noncompliance by a counterparty of its contractual obligations, leading the Company to incur financial losses. The risk to which the Company is exposed arises from the possibility of not recovering the amounts receivable for the sale of sugarcane, grains, and for the leasing of land.

(In thousands of reais, except as stated otherwise)

To reduce credit risk in the commercial transactions, the Company adopts the practice of defining credit limits in which it analyzes factors such as: time of opening of the company, history of business with the Company, commercial references and Serasa. The Company also constantly monitors the outstanding balances.

Currently, management does not expect losses due to the default of its counterparties and has no significant exposure to any individual counterparty.

c) Liquidity risk

The table below shows the Company's financial liabilities by group of maturity based on the remaining period at the balance sheet date up to the contract maturity date. The amounts disclosed in the table are the discounted contractual cash flows, in addition to the net derivative financial instruments, whose fair value is disclosed. With respect to acquisitions payable for the purchase of farms all outstanding amounts at June 30, 2020 and June 30, 2019 are payable upon the fulfillment of certain conditions precedent by the sellers and as a result its payment date cannot be determined and have been considered as payable on demand in the table below and no interest or other financial charges have been considered.

Consolidated financial liabilities	Note	Less than one year	From one to two years	From three to five years	Above five years	Total
On June 30, 2020						
Trade accounts payable	15.1	55,603	-	-	-	55,603
Derivatives	6	18,333	1,462	-	-	19,795
Loans and financing	16	217,274	198,793	82,037	16,009	514,113
Lease payables	14	25,849	26,200	45,330	54,984	152,363
Related-party transactions	29	2,849	-	-	-	2,849
Other liabilities	18	5,017	29,777	4,597	-	39,391
On June 30, 2019						
Trade accounts payable	15.1	37,710	-	-	-	37,710
Derivatives	6	11,055	-	-	-	11,055
Loans and financing	16	76,608	78,326	124,191	6,728	285,853
Lease payables	14	26,503	-	-	20,943	47,446
Related-party transactions	29	2,405	-	-	-	2,405

4.9. Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for stockholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to stockholders, return capital to stockholders or, also, issue new shares or sell assets to reduce, for example, debt.

Consistent with others in the industry, the Company monitors capital on the basis of the leverage ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total loans and financing (including "current and non-current loans and financing" as shown in the consolidated balance sheet), less cash and cash equivalents. Total capital is calculated as equity as shown in the consolidated balance sheet plus net debt.

(In thousands of reais, except as stated otherwise)

The Company presents net debt of loans and financing, acquisitions payable and trade accounts payable and the financial leverage index.

	Consolidated	
	6/30/2020	**6/30/2019**
Total loans, financing and debentures(Note 16)	514,113	285,853
Total acquisitions payable (Note 18)	39,391	-
Total derivatives (Note 6)	10,869	4,136
	564,373	289,989
Less: cash and cash equivalents (Note 5.1)	(171,045)	(106,627)
Less: marketable securities (Notes 5 and 2)	(5,044)	(13,152)
	(176,089)	(119,779)
Net debt	388,284	170,210
Total equity	1,121,569	880,533
Financial leverage index	34.62%	19.33%

4.10. Hierarchy of fair value

The balances of trade accounts receivable and payable at book value, less impairment, are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Company for similar financial instruments.

The Company adopts CPC 40/ IFRS 7 for financial instruments that are measured in the balance sheet at fair value, which requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- Quoted (unadjusted) prices in active markets for identical assets or liabilities (level 1);
- Information, in addition to quoted prices, included in level 1 that are observable in the market for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2);
- Inputs for assets or liabilities that are not based on observable market data (that is, unobservable inputs) (level 3).

BrasilAgro – Companhia Brasileira de Propriedades Agrícolas

Notes to the financial statements – Continued
June 30, 2020
(In thousands of reais, except as stated otherwise)

The following table presents the Group's assets and liabilities that are measured at fair value, as well as the level of hierarchy:

						6/30/2020
Consolidated - R$ thousand	**Note**	**Book value**	**Fair value**	**Quoted prices in active markets (Level 1)**	**Significant observable data (Level 2)**	**Significant non-observable data (Level 3)**
Financial assets measured at amortized cost						
Current						
Trade receivables, net	7.1	72,014	72,014	-	72,014	-
Related-party transactions	29	701	701	-	701	-
Non-current						
Related-party transactions	29	1,511	1,511	-	1,511	-
Financial assets measured at fair value through profit or loss						
Current						
Cash and cash equivalents	5.1	141,095	141,095	141,095	-	-
Securities	5.2	-	-	-	-	-
Receivables from sale of farm, net (c)	7.1	73,678	73,678	-	-	73,678
Derivative operations (b)	6	7,180	7,180	6,121	1,059	-
Non-current						
Securities	5.2	5,044	5,044	5,044	-	-
Receivables from sale of farm, net (c)	7.1	240,074	240,074	-	-	240,074
Derivative operations (b)	6	1,746	1,746	305	1,441	-
Non-financial assets measured at fair value						
Current						
Biological assets	9	115,553	115,553	-	9,037	106,516
Non-current						
Biological assets	9	25,444	25,444	-	25,444	-
Non-financial assets measured at cost						
Non-current						
Investment property	10	814,398	1,872,701	-	-	1,872,701
Total		**1,498,438**	**2,556,741**	**152,565**	**111,207**	**2,292,969**
Financial liabilities measured at amortized cost						
Current						
Trade payables	15.1	55,603	55,603	-	55,603	-
Borrowings and financing (a)	16	217,274	217,274	-	217,274	-
Related-party transactions	29	2,849	2,849	-	2,849	-
Non-current						
Borrowings and financing (a)	16	296,839	296,839	-	296,839	-
Financial liabilities measured at fair value through profit or loss						
Current						
Lease payable	14	25,849	25,849	-	25,849	-
Derivative operations (b)	6	18,333	18,333	5,900	12,433	-
Payables related to farm acquisitions	18	5,017	5,017	-	-	5,017
Non-current						
Leases payable	14	126,514	126,514	-	126,514	-
Derivative operations (b)	6	1,462	1,462	645	817	-
Restricted shares	18 and 1.4	13,490	13,490	13,490	-	-
Warrants	18 and 1.4	10,860	10,860	-	10,860	-
Warrant dividends	18 and 1.4	778	778	-	-	778
Payables from farm acquisitions	18 and 1.2	9,246	9,246	-	-	9,246
Total		**784,114**	**784,114**	**20,035**	**749,038**	**15,041**

(In thousands of reais, except as stated otherwise)

						6/30/2019
Consolidated - R$ thousand	**Note**	**Book value**	**Fair value**	**Quoted prices in active markets (Level 1)**	**Significant observable data (Level 2)**	**Significant non-observable data (Level 3)**
Financial assets measured at amortized cost						
Current						
Trade receivables, net	7.1	71,295	71,295	-	71,295	-
Related-party transactions	29	1,987	1,987	-	1,987	-
Financial assets measured at fair value through profit or loss						
Current						
Cash and cash equivalents	5.1	81,013	81,013	81,013	-	-
Securities	5.2	4,038	4,038	4,038	-	-
Receivables from sale of farm, net	7.1	41,351	41,351	-	-	41,351
Derivative operations (b)	6	5,906	5,906	3,084	2,822	-
Non-current						
Securities	5.2	9,114	9,114	9,114	-	-
Receivables from sale of farm, net	7.1	180,597	180,597	-	-	180,597
Derivative operations (b)	6	1,013	1,013	27	986	-
Non-financial assets measured at fair value						
Current						
Biological assets	9	99,881	99,881	-	13,887	85,994
Non-current						
Biological assets	9	23,235	23,235	-	23,235	-
Non-financial assets measured at cost						
Non-current						
Investment property	10	526,956	1,471,248	-	-	1,471,248
Total		**1,046,386**	**1,990,678**	**97,276**	**114,212**	**1,779,190**
Financial liabilities measured at amortized cost						
Current						
Trade payables	15.1	37,710	37,710	-	37,710	-
Borrowings and financing (a)	16	76,608	76,608	-	76,608	-
Related-party transactions	29	2,405	2,405	-	2,405	-
Non-current						
Borrowings and financing (a)	16	209,245	209,245	-	209,245	-
Financial liabilities measured at fair value through profit or loss						
Current						
Lease payable	14	26,503	26,503	-	26,503	-
Derivative operations (b)	6	11,055	11,055	9,127	1,928	-
Non-current						
Leases payable	14	20,943	20,943	-	20,943	-
Total		**384,469**	**384,469**	**9,127**	**375,342**	**-**

(a) The book value of loans and financing presented in the financial statements approximates the fair value, since the rates of these instruments are substantially subsidized and there is no intention of early settlement;
(b) The derivative transactions negotiated at active market are measured at fair value at Level 1, over-the-counter transactions are measured at Level 2, as presented in the table above
(c) Due to market volatility, one of the non-observable inputs became significant and the credits from the sale of the farm were reclassified from Level 2 to Level 3. The Company's policy is to recognize transfers from and to Level 3 on the date of the event or change in the circumstances that caused the transfer.

(In thousands of reais, except as stated otherwise)

The significant non-observable inputs used in the measurement of the fair value of the credits from the sale of the farm classified as Level 3 in the fair value hierarchy, along with an analysis of quantitative sensitivity on June 30, 2020, are as follows:

Description	Evaluation method	Significant non-observable inputs	Variation of non-observable inputs	Sensitivity of inputs to fair value
Credits from sale of farm	Discounted cash flow	Premium (or Basis)	(0.18) - 0.02 USD/bu	The increase or decrease of 0.20 USD/bu in the premium (or basis) paid for the soybean would result in an impact of R$4,644. An increase or decrease of 2% in the receivables from the farm.
Payables due to acquisition of Serra Grande Farm	Discounted cash flow	Premium (or Basis)	(0.38) -0.02 USD/bu	The increase or decrease of 0.20 USD/bu in the premium (or basis) paid for the soybean would result in an impact of R$380.185. An increase or decrease of 2.7% in payables for the farm.

5. Cash and cash equivalents and marketable securities

5.1. Cash and cash equivalents

		Company		Consolidated	
	CDI	6/30/2020	6/30/2019	6/30/2020	6/30/2019
Cash and banks		25,992	21,278	29,950	25,614
Repurchase agreements (a)	62%	-	-	15,446	12,632
Bank deposit certificates	99.3% to 101%	57,721	37,672	125,649	46,262
Letter of Mercantile Lease	101 to 102%	-	5,161	-	22,119
		83,713	64,111	171,045	106,627

* Interbank Deposit Certificates
(a) The Company uses this type of investment for funds that will be redeemed in less than 30 days, according to the projected cash flow and also in case of need to invest funds that were received after banking hours.

The Company has R$24,534 (R$19,839 at June 30, 2019) in Company and R$27,688 (R$21,390 at June 30, 2019), of bank balances in foreign currencies on which did not bear any interest.

5.2. Marketable securities

		Company		Consolidated	
	CDI*	6/30/2020	6/30/2019	6/30/2020	6/30/2019
Bank deposit certificates (a)	98%	-	1,190	-	3,983
Treasury financial bills (c)		-	55	-	55
Total current		-	1,245	-	4,038
Banco do Nordeste (BNB) (a) (b)	99%	-	-	5,044	9,114
Total non-current		-	-	5,044	9,114
Marketable securities		-	1,245	5,044	13,152

(a) Indexed to rates from 98% to 99% of the CDI – Interbank Deposit Certificate.
(b) The securities in BNB consist of CDBs provided as collateral for financing from the Bank and must be held up to the end of the contract.
(c) National Treasury bills indexed to the Selic rate.

(In thousands of reais, except as stated otherwise)

6. Operations with derivatives

											6/30/2020
				Company		Consolidated		Total	Volume / Position		
Risk	**Maturity**	**Outstanding derivative instruments**	**Counterparty**	**Receivable**	**Payable**	**Receivable**	**Payable**	**Net balance**	**Notional ('000)**	**Short (long) position**	**Unit**
Currency US$	August-20	NDF	Rabobank	141	-	141	-	141	(4,600)	-	US$
Currency US$	November-20	NDF	Rabobank	-	(221)	-	(221)	(221)	(1,500)	-	US$
Currency US$	November -20	NDF	Itaú BBA	-	(8,958)	-	(8,958)	(8,958)	(14,000)	-	US$
Currency US$	June-21	NDF	Rabobank	-	(1,426)	-	(1,426)	(1,426)	(4,930)	-	US$
Currency US$	June -21	NDF	Banco do Brasil	-	(1,828)	-	(1,828)	(1,828)	(6,500)	-	US$
Currency US$	June -21	NDF	OLAM	733	-	733	-	733	(1,500)	-	US$
Currency US$	June -21	NDF	Banco do Brasil	185	-	185	-	185	(1,300)	-	US$
Currency US$	July-21	NDF	Banco do Brasil	106	(311)	106	(311)	(205)	(1,450)	-	US$
Currency US$	July -21	NDF	Rabobank	-	(367)	-	(367)	(367)	(1,440)	-	US$
Currency US$	November -21	NDF	Rabobank	-	(139)	-	(139)	(139)	(520)	-	US$
Currency US$	November -21	NDF	Macquarie	78	-	78	-	78	(280)	-	US$
		Current		**1,059**	**(12,433)**	**1,059**	**(12,433)**	**(11,374)**	**(34,330)**	**-**	**US$**
		Non-current		**184**	**(817)**	**184**	**(817)**	**(633)**	**(3,690)**	**-**	**US$**
		Total currency risk		**1,243**	**(13,250)**	**1,243**	**(13,250)**	**(12,007)**	**(38,020)**	**-**	**US$**
Soybean CBOT	July -20	Soybean options	Trading Companies/Banks/CBOT	-	(1)	-	(1)	(1)	-	(83,344)	bags
Soybean CBOT	February-21	Soybean options	Trading Companies/ Banks /CBOT	252	(774)	252	(774)	(522)	-	(199,571)	bags
Soybean CBOT	June-21	Soybean options	Trading Companies/ Banks /CBOT	1,718	(1,916)	1,718	(1,916)	(198)	-	(301,625)	bags
Soybean CBOT	November-20	Soybean futures	Trading Companies/ Banks /CBOT	-	(16)	-	(16)	(16)	-	(77,107)	bags
Soybean CBOT	December-20	Accrual	Trading Companies/ Banks /CBOT	47	(40)	47	(40)	7	-	(83,911)	bags
Corn BM&F	July -20	Corn options	Itaú BBA	-	(55)	-	(55)	(55)	-	(16,650)	bags
Corn BM&F	September-20	Corn futures	Macquarie	-	(529)	-	(529)	(529)	-	(83,250)	bags
Corn BM&F	September -20	Corn options	BM&F	-	(1,431)	-	(1,431)	(1,431)	-	(253,350)	bags
Corn BM&F	September -20	Corn options	Itaú BBA	-	(682)	-	(682)	(682)	-	(166,500)	bags
Corn CBOT	August-21	Corn options	FC Stone	178	(130)	178	(130)	48	-	(84,670)	bags
Corn CBOT	September -20	Corn futures	Trading Companies/ Banks /CBOT	51	(200)	51	(200)	(149)	-	(211,500)	bags
Corn CBOT	August-21	Corn futures	Trading Companies/ Banks /CBOT	-	(257)	-	(257)	(257)	-	(254,011)	bags
Fed Cattle BM&F	October-20	Fed cattle futures	BM&F	-	-	-	-	-	-	(54,450)	arroba
Cotton	November -20	Cotton options	Trading Companies/ Banks /CBOT	-	(256)	-	(256)	(256)	-	(625)	ton.
Cotton	November -21	Cotton options	Trading Companies/ Banks /CBOT	127	(258)	127	(258)	(131)	-	-	ton.
Cotton	December-20	Corn futures	Trading Companies/ Banks /CBOT	1,038	-	1,038	-	1,038	-	(893)	ton.
Ethanol BM&F	August-20	Ethanol futures	BM&F	-	-	-	-	-	-	(150)	m³
Ethanol BM&F	September -20	Ethanol futures	BM&F	-	-	-	-	-	-	(450)	m³
Ethanol BM&F	October-20	Ethanol futures	BM&F	-	-	-	-	-	-	(150)	m³
		Current (bags)		**2,068**	**(5,644)**	**2,068**	**(5,644)**	**(3,576)**	**-**	**(1,476,808)**	**bags**
		Current (arrobas)		**-**	**-**	**-**	**-**	**-**	**-**	**(54,450)**	**arrobas**
		Current (tons)		**1,038**	**(256)**	**1,038**	**(256)**	**782**	**-**	**(1,518)**	**tons**
		Current (cubic meters)		**-**	**-**	**-**	**-**	**-**	**-**	**(750)**	**cubic meters**
		Non-current (bags)		**178**	**(387)**	**178**	**(387)**	**(209)**	**-**	**(338,681)**	**bags**
		Non-current (tons)		**127**	**(258)**	**127**	**(258)**	**(131)**	**-**	**-**	**tons**
		Total risk with commodities		**3,411**	**(6,545)**	**3,411**	**(6,545)**	**(3,134)**	**-**	**(1,872,207)**	
Interest R$	August-23	SWAP Pre-DI	Bradesco	1,257	-	1,257	-	1,257	11,847	-	BRL
		Non-current		**1,257**	**-**	**1,257**	**-**	**1,257**	**11,847**	**-**	**BRL**
		Total risk with interest		**1,257**	**-**	**1,257**	**-**	**1,257**	**11,847**	**-**	**BRL**
		Total risks		**5,911**	**(19,795)**	**5,911**	**(19,795)**	**(13,884)**	**(26,173)**	**(1,872,207)**	
		Margin deposit		**3,015**	**-**	**3,015**	**-**	**3,015**			
			Current	7,180	(18,333)	7,180	(18,333)				
			Non-current	1,746	(1,462)	1,746	(1,462)				
			Result on June 30, 2020 (Note 25)	206,199	(254,367)	206,199	(254,367)				

BrasilAgro – Companhia Brasileira de Propriedades Agrícolas

Notes to the financial statements – Continued
June 30, 2020
(In thousands of reais, except as stated otherwise)

											6/30/2019
				Company		Consolidated		Total	Volume / Position		
Risk	**Maturity**	**Outstanding derivative instruments**	**Counterparty**	**Receivable**	**Payable**	**Receivable**	**Payable**	**Net balance**	**Notional ('000)**	**Short (long) position**	**Unit**
Currency US$	August-19	Options	FC Stone	396	(182)	396	(182)	214	(4,000)	-	US$
Currency US$	August -19	Options	Olam	42	-	42	-	42	(500)	-	US$
Currency US$	March-20	Options	Itaú BBA	2,220	(1,536)	2,220	(1,536)	684	(14,000)	-	US$
Currency US$	July-19	NDF	Santander	7	-	7	-	7	(450)	-	US$
Currency US$	July -19	NDF	ABC	57	-	57	-	57	(370)	-	US$
Currency US$	July -19	NDF	Rabobank	-	(79)	-	(79)	(79)	(5,659)	-	US$
Currency US$	July -19	NDF	Itaú BBA	2	-	2	-	2	(250)	-	US$
Currency US$	July -19	NDF	Olam	-	(131)	-	(131)	(131)	(4,160)	-	US$
Currency US$	November-19	NDF	Itaú BBA	77	-	77	-	77	(10,000)	-	US$
Currency US$	November -19	NDF	Banco Safra	21	-	21	-	21	(2,500)	-	US$
		Current		**2,822**	**(1,928)**	**2,822**	**(1,928)**	**894**	**(41,889)**	**-**	**US$**
		Total currency risk		**2,822**	**(1,928)**	**2,822**	**(1,928)**	**894**	**(41,889)**	**-**	**US$**
Soybean CBOT	December-19	Soybean futures	Trading Companies/Banks/CBOT	428	(1,482)	428	(1,482)	(1,054)	-	**(763,206)**	bags
Soybean CBOT	June-20	Soybean futures	Trading Companies/ Banks /CBOT	-	(1,165)	-	(1,165)	(1,165)	-	**(182,029)**	bags
Soybean CBOT	June -20	Soybean futures	Trading Companies/ Banks /CBOT	76	-	76	-	76	-	**(12,891)**	bags
Soybean CBOT	February-20	Soybean options	Trading Companies/ Banks /CBOT	-	(4,091)	-	(4,091)	(4,091)	-	**(861,786)**	bags
Corn CBOT	August-19	Corn options	RJO Brien	-	(428)	-	(428)	(428)	-	**(99,484)**	bags
Corn BM&F	September-19	Corn options	Itaú BBA	-	(246)	-	(246)	(246)	**-**	**(83,250)**	bags
Corn BM&F	September -19	Corn options	BM&F	-	(659)	-	(659)	(659)	**-**	**(249,750)**	bags
Corn CBOT	September -19	Corn futures	Trading Companies/ Banks /CBOT	-	(457)	-	(457)	(457)	**-**	**(84,667)**	bags
Corn CBOT	December-19	Corn futures	Trading Companies/ Banks /CBOT	40	(426)	40	(426)	(386)	**-**	**(217,361)**	bags
Corn CBOT	August-20	Corn futures	Trading Companies/ Banks /CBOT	27	-	27	-	27	**-**	**(33,970)**	bags
Fed Cattle BM&F	July-19	Fed cattle futures	BM&F	-	-	-	-	-		**(3,630)**	arroba
Fed Cattle BM&F	September -19	Fed cattle futures	BM&F	-	-	-	-	-	**-**	**(3,300)**	arroba
Fed Cattle BM&F	October-19	Fed cattle options	BM&F	-	(51)	-	(51)	(51)	**-**	**(9,900)**	arroba
Fed Cattle BM&F	November-19	Fed cattle options	Itaú BBA	-	(38)	-	(38)	(38)	**-**	**(6,600)**	arroba
Cotton	July-19	Cotton options	Trading Companies/ Banks /CBOT	-	(84)	-	(84)	(84)	**-**	**(1,473)**	ton.
Cotton	November-19	Cotton futures	Trading Companies/ Banks /CBOT	106	-	106	-	106	**-**	**(89)**	ton.
Cotton	December-19	Cotton futures	Trading Companies/ Banks /CBOT	142	-	142	-	142	**-**	**(112)**	ton.
Ethanol BM&F	July-19	Ethanol futures	BM&F	-	-	-	-	-	-	**(600)**	m³
Ethanol BM&F	August-19	Ethanol futures	BM&F	-	-	-	-	-	-	**(600)**	m³
Ethanol BM&F	September-19	Ethanol futures	BM&F	-	-	-	-	-	-	**(300)**	m³
		Current (bags)		**544**	**(8,954)**	**544**	**(8,954)**	**(8,410)**	**-**	**(2,554,424)**	**bags**
		Current (arrobas)		**-**	**(89)**	**-**	**(89)**	**(89)**	**-**	**(23,430)**	**arrobas**
		Current (tons)		**248**	**(84)**	**248**	**(84)**	**164**	**-**	**(1,674)**	**tons**
		Current (cubic meters)							**-**	**(1,500)**	**cubic meters**
		Non-current (bags)		**27**	**-**	**27**	**-**	**27**	**-**	**(33,970)**	**bags**
		Total risk with commodities		**819**	**(9,127)**	**819**	**(9,127)**	**(8,308)**	**-**	**(2,614,998)**	
Interest R$	August-23	SWAP Pre-DI	Bradesco	986	-	986	-	986	14,810		BRL
		Non-current		**986**	**-**	**986**	**-**	**986**	**14,810**	**-**	**BRL**
		Total risk with interest		**986**	**-**	**986**	**-**	**986**	**14,810**	**-**	**BRL**
		Total risks		**4,627**	**(11,055)**	**4,627**	**(11,055)**	**(6,428)**	**(27,079)**	**(2,614,998)**	
		Margin deposit		**2,292**	**-**	**2,292**	**-**	**2,292**			
			Current	**5,906**	**(11,055)**	**5,906**	**(11,055)**				
			Non-current	**1,013**	**-**	**1,013**	**-**				
			Result on June 30, 2019 (Note 25)	**113,960**	**(98,447)**	**114,300**	**(98,617)**				

(In thousands of reais, except as stated otherwise)

The Company uses derivative financial instruments as currency and forward contracts and forward commodities contracts to hedge against currency risk and commodities prices, respectively.

The margin deposits in operations with derivatives refer to the so-called margins by counterparties in operations with derivative instruments.

The total fair value of a derivative is classified as noncurrent assets or liabilities if the remaining maturity of the derivative is over one year, and as current assets or liabilities if the remaining maturity of the derivative is less than one year.

7. Accounts receivable and sundry credits

		Company		Consolidated	
	Note	6/30/2020	6/30/2019	6/30/2020	6/30/2019
Trade accounts receivable	7.1	36,442	50,614	145,692	112,646
Recoverable taxes	7.2	1,563	739	9,305	5,950
Advances to suppliers		16,435	3,211	20,609	5,790
Other receivables		1,164	719	7,744	934
Total current		55,604	55,283	183,350	125,320
Trade accounts receivable	7.1	333	-	240,407	180,597
Recoverable taxes	7.2	9,259	11,959	20,274	21,269
Judicial deposits	27	1,487	1,468	1,706	1,667
Total non-current		11,079	13,427	262,387	203,533

7.1 Trade accounts receivable

	Company		Consolidated	
	6/30/2020	6/30/2019	6/30/2020	6/30/2019
Sale of sugarcane	11,972	18,291	30,031	27,623
Sale of grains	22,266	30,607	36,777	36,546
Sale of cattle	55	56	636	1,210
Leases and rentals	2,792	2,495	4,868	6,954
Sale of machinery	263	71	918	121
Sale of farms	-	-	73,678	41,351
	37,348	51,520	146,908	113,805
Allowance for doubtful accounts	(906)	(906)	(1,216)	(1,159)
Total current	36,442	50,614	145,692	112,646
Sale of machinery	333	-	333	-
Sale of farms	-	-	240,074	180,597
Total non-current	333	-	240,407	180,597

(In thousands of reais, except as stated otherwise)

a) Changes in the allowance for doubtful accounts:

	Company	Consolidated
At June 30, 2018	864	866
Set-up of provision	126	397
Write-off or reversal	(84)	(104)
At June 30, 2019	906	1,159
Set-up of provision	-	213
Acquisition Agrifirma	-	3,782
Write-off or reversal	-	(3,938)
At June 30, 2020	906	1,216

b) Breakdown of receivables by maturity

	Company		Consolidated	
	6/30/2020	6/30/2019	6/30/2020	6/30/2019
Falling due:				
Up to 30 days	25,287	30,178	57,188	49,885
31 to 90 days	7,827	1,147	44,424	24,456
91 to 180 days	1,549	12,000	8,748	12,000
181 to 360 days	1,635	1,664	34,954	20,555
Over 360 days	333	-	240,407	180,597
Past due:				
Up to 30 days	144	5,518	378	5,642
31 to 90 days	-	107	-	108
181 to 360 days	-	55	-	308
Over 360 days	906	851	1,216	851
	37,681	51,520	387,315	294,402

c) Sale of sugarcane

The Company has two sugarcane supply agreements. The first agreement was with Brenco Companhia Brasileira de Energia Renovável and the second agreement is included in the partnership IV Agreement, as mentioned in the Explanatory Note on Commitments, whose credit risks are assessed in accordance with the internal policy as presented in Note 4.8b.

All the risks were covered during the fiscal year ended on June 30, 2020, and there is no record of default until the date of disclosure of these Financial Statements.

d) Sale of grains

For the year ended June 30, 2020, corn and soybean were sold mainly to the clients Cargill, Bunge Alimentos, Glencore and Gavilon.

(In thousands of reais, except as stated otherwise)

e) Receivables for sale of farm

Total amounts sold, received and receivables for sale of farm are as follows:

	Araucária III	Araucária IV	Araucária V	Jatobá I	Jatobá II	Jatobá III	Jatobá IV	Jatobá V	Alto Taquari I	Alto Taquari II	Alto Taquari III	Bananal IX	Consolidated
At June 30, 2018	8,527	9,017	50,594	8,657	-	-	-	-	-				76,795
Accrual	-	-	-	-	123,335	47,016	-	-	6,871	-	-	-	177,222
Receipts	(2,980)	(1,525)	(10,115)	(2,513)	(21,000)	(5,000)	-	-	(2,927)	-	-	-	(46,060)
Restatement of fair value	(325)	(254)	(2,396)	38	16,488	115	-	-	325	-	-	-	13,991
At June 30, 2019	5,222	7,238	38,083	6,182	118,823	42,131	-	-	4,269	-	-	-	221,948
Accrual	-	-	-	-	-	-	18,974	37,919	-	3,576	11,037	-	71,506
Receipts	(4,547)	-	(8,980)	(4,680)	(18,359)	(5,008)	(6,731)	(5,000)	(1,659)	(2,046)	(1,761)	-	(58,771)
Acquisition of Agrifirma	-	-	-	-	-	-	-	-	-	-	-	21,272	21,272
Restatement of fair value	2,661	20	8,401	1,067	29,277	10,261	3,238	110	935	2,024	(1,330)	1,133	57,797
At June 30, 2020	3,336	7,258	37,504	2,569	129,741	47,384	15,481	33,029	3,545	3,554	7,946	22,405	313,752
Current	3,131	4,728	10,596	2,569	22,690	8,140	3,325	8,541	930	1,200	614	7,214	73,678
Non-current	205	2,530	26,908	-	107,051	39,244	12,156	24,488	2,615	2,354	7,332	15,191	240,074

(*) Information on sales and the amounts received in the fiscal year ended June 30, 2020 is presented in Notes 1.1 and 21.b.

Variable consideration

In the case of sales for which official measurement during or upon termination of the agreement is mandatory, the Company adopts the variable consideration concept set forth in CPC 47 – Revenue and does not recognize 2.3% of the sale until the measurement is made. This percentage, whose calculation is based on the highest historical deviation plus a safety margin, represents the risk of proportional reversion upon sale recognition if there is any difference between the area negotiated and the area delivered. The Company has never delivered a narrower area than the negotiated area and recognizes the 2.3% of revenue from sale after the official measurement.

The following table provides a breakdown of credits with the variable consideration element:

	Jatobá II	Jatobá III	Jatobá IV	Jatobá V	Alto Taquari I	6/30/2020
June 30, 2020	129,741	47,384	15,481	33,029	3,545	229,180
Variable consideration (2.3%)	3,054	1,115	364	778	83	5,394
	132,795	48,499	15,845	33,807	3,628	234,574

7.2 Recoverable taxes

	Company		Consolidated	
	6/30/2020	6/30/2019	6/30/2020	6/30/2019
Withholding income tax (IRRF) on financial investments to be offset	476	242	3,508	3,276
ICMS recoverable	-	-	3,155	-
Other taxes and contributions to be offset	1,087	497	977	601
Tax on value added - IVA – (Paraguay)	-	-	1,665	2,073
Total current	1,563	739	9,305	5,950
ICMS recoverable	7,602	7,847	9,786	9,792
ICMS recoverable on property, plant and equipment	19	57	83	194
Non-cumulative PIS and COFINS to be offset	1,402	3,857	1,486	4,804
IRRF on financial investments to be offset	236	198	454	2,409
Tax on value added - IVA – (Paraguay)	-	-	8,465	4,070
Total non-current	9,259	11,959	20,274	21,269

(In thousands of reais, except as stated otherwise)

8. Inventories

	Company		Consolidated	
	6/30/2020	6/30/2019	6/30/2020	6/30/2019
Soybean	57,600	46,953	68,975	54,581
Corn	33,839	10,337	37,223	11,116
Bean	2,437	-	3,279	-
Cotton	3,500	4,349	3,500	4,349
Other harvests	77	249	340	255
Agricultural products	97,453	61,888	113,317	70,301
Inputs	17,373	19,324	25,461	26,767
	114,826	81,212	138,778	97,068

8.1 Adjustment to recoverable value of inventories of agricultural products

	Company	Consolidated
Opening balance	-	(4)
Provision for impairment of agricultural products	(1,561)	(2,040)
Write-offs	1,450	1,773
At June 30, 2019	(111)	(271)
Provision for impairment of agricultural products	(2,402)	(4,153)
Write-offs	574	1,763
At June 30, 2020	(1,939)	(2,661)

9. Biological assets

	Company		Consolidated	
	6/30/2020	6/30/2019	6/30/2020	6/30/2019
Food cattle	5	721	9,037	13,887
Production cattle	22,152	15,654	25,444	23,235
Grain plantation	18,526	9,901	20,749	12,860
Cotton plantation	13,724	8,606	13,724	8,606
Sugarcane field	30,154	32,446	72,043	64,528
Total	84,561	67,328	140,997	123,116
Current	62,409	51,674	115,553	99,881
Non-current	22,152	15,654	25,444	23,235

The amounts spent on plantation and treatment of crops are substantially represented by expenditures with crop formation such as seeds, fertilizers, pesticides, depreciation and manpower used in the crops.

The area to be harvested corresponding to the biological assets is as follows:

	Company		Consolidated	
	Planted area (Hectares)		Planted area (Hectares)	
	6/30/2020	6/30/2019	6/30/2020	6/30/2019
Grains	9,360	7,224	9,836	8,766
Cotton	1,404	976	1,404	976
Sugarcane (i)	10,513	11,775	26,959	27,843
	21,277	19,975	38,199	37,585

(i) For sugarcane the area considered above refers to the total of unharvested sugarcane to be harvested, considered in the cash flow for calculation of fair value of biological assets. This area includes the hectares leased from Brenco, under the agreement signed on May 8, 2015, and the hectares referring to Partnership IV, according to contracts executed on February 7, 2017.

(In thousands of reais, except as stated otherwise)

Changes in agricultural activity

			Company			Consolidated
	Current	**Current**	**Current**	**Current**	**Current**	**Current**
	Grains	Cotton	Sugarcane	Grains	Cotton	Sugarcane
Balance at June 30, 2018	1,002	-	26,527	2,203	-	59,790
Increases due to planting	144,323	14,538	-	173,367	13,323	-
Increases due to handling	-	-	33,690	-	-	123,230
Change in fair value	4,756	1,404	14,441	18,062	2,619	34,511
Reductions due to harvesting	(140,180)	(7,336)	(42,212)	(181,411)	(7,336)	(153,003)
Exchange variation	-	-	-	639	-	-
Balance at June 30, 2019	9,901	8,606	32,446	12,860	8,606	64,528
Increases due to planting	176,444	14,398	-	208,934	13,702	-
Biological assets due to the acquisition of Agrifirma (Note 1.4)	-	-	-	4,883	-	-
Increases due to handling	-	-	67,931	-	-	144,177
Change in fair value	79,839	677	12,633	84,435	1,373	75,861
Reductions due to harvesting	-	-	-	(291,798)	(9,957)	(212,523)
Exchange variation	(247,658)	(9,957)	(82,856)	1,435	-	-
Balance at June 30, 2020	18,526	13,724	30,154	20,749	13,724	72,043

Changes in cattle raising activity

		Company
	Heads of cattle (in number)	**Cattle ($)**
At June 30, 2018	8,121	12,078
Acquisition/birth costs	3,488	1,099
Handling costs	-	6,111
Sales	(1,909)	(3,254)
Deaths	(61)	(101)
Change in fair value	-	442
At June 30, 2019	9,639	16,375
Acquisition/birth costs	3,585	796
Handling costs	-	7,608
Sales	(4,017)	(7,010)
Deaths	(91)	(136)
Change in fair value	-	4,524
At June 30, 2020	9,116	22,157

		Consolidated
	Heads of cattle (in number)	**Cattle ($)**
At June 30, 2018	20,993	34,053
Acquisition/birth costs	8,981	7,917
Handling costs	-	11,955
Sales	(8,750)	(17,668)
Deaths	(357)	(581)
Consumption	(2)	(5)
Exchange variation	-	(75)
Change in fair value	-	1,526
At June 30, 2019	20,865	37,122
Acquisition/birth costs	9,767	9,964
Handling costs	-	18,158
Sales	(15,159)	(33,230)
Deaths	(409)	(685)
Exchange variation	-	4,450
Change in fair value	-	(1,298)
At June 30, 2020	15,064	34,481

(In thousands of reais, except as stated otherwise)

Quantitative data about cattle raising activity, expressed in heads of cattle

		Company
	Consumable cattle	Production cattle
At June 30, 2019	343	9,296
At June 30, 2020	1	9,115

		Consolidated
	Consumable cattle	Production cattle
At June 30, 2019	4,896	15,969
At June 30, 2020	2,624	12,440

Fair value hierarchy at June 30, 2020

	Company	Consolidated	
	Amount	Amount	Fair value
Sugarcane	30,154	72,043	Level 3
Cattle	22,157	34,481	Level 2
Grains	18,526	20,749	Level 3
Cotton	13,724	13,724	Level 3

The significant non-observable inputs used in the measurement of the fair value of sugarcane, grains and cotton classified as Level 3 in the fair value hierarchy, along with an analysis of quantitative sensitivity on June 30, 2020, are as follows:

Description	Evaluation method	Significant non-observable inputs	Variation of non-observable inputs	Increase in inputs	Decrease in inputs
Biological Asset - sugarcane	Discounted cash flow	- Yield	Yield:45.0 to 118.5 tons per hectare.	An increase in yield generates a positive result in the fair value of biological assets.	A decrease in yield generates a negative result in the fair value of biological assets.
		- TRS (Kg of sugar per ton of sugarcane)	Total recoverable sugar: TRS 137 to 143 per ton of cane	An increase in TRS generates a positive result in the fair value of biological assets.	A decrease in TRS generates a negative result in the fair value of biological assets.
Corn	Discounted cash flow	- Yield	Yield: 60 to 115 tons per hectare.	An increase in yield generates a positive result in the fair value of biological assets.	A decrease in yield generates a negative result in the fair value of biological assets.
Cotton	Discounted cash flow	- Yield	Yield: 4.2 tons per hectare.	An increase in yield generates a positive result in the fair value of biological assets.	A decrease in yield generates a negative result in the fair value of biological assets.

There were no reclassifications among the levels during the year.

Changes in fair value in profit or loss

		Company		Consolidated
	6/30/2020	6/30/2019	6/30/2020	6/30/2019
Grains	79,839	4,756	84,435	18,062
Cotton	677	1,404	1,373	2,619
Sugarcane	12,633	14,441	75,861	34,511
Cattle	4,524	442	(1,298)	1,526
	97,673	21,043	160,371	56,718

(In thousands of reais, except as stated otherwise)

10. Investment properties – noncurrent

	Land – Farms	Buildings and improvements	Opening of area	Total in operation	Construction in progress	Company 6/30/2020
At June 30, 2020						
Opening balance	22,493	24,626	32,105	79,224	10,216	89,440
Acquisitions	-	185	432	617	8,410	9,027
Transfers	-	1,972	10,597	12,569	(12,569)	-
(-)Depreciation / amortization	-	(729)	(4,202)	(4,931)	-	(4,931)
Net book balance	22,493	26,054	38,932	87,479	6,057	93,536
At June 30, 2020						
Total cost	22,493	33,424	86,170	142,087	6,057	148,144
Accumulated depreciation	-	(7,370)	(47,238)	(54,608)	-	(54,608)
Net book balance	22,493	26,054	38,932	87,479	6,057	93,536
Annual depreciation rates (weighted average) - %		4-20	05-20			

	Land – Farms	Buildings and improvements	Opening of area	Total in operation	Construction in progress	Company 6/30/2019
At June 30, 2019						
Opening balance	22,135	23,174	29,377	74,686	5,533	80,219
Acquisitions	358	4	143	505	12,442	12,947
Transfers	-	2,031	5,728	7,759	(7,759)	-
(-)Depreciation / amortization	-	(583)	(3,143)	(3,726)	-	(3,726)
Net book balance	22,493	24,626	32,105	79,224	10,216	89,440
At June 30, 2019						
Total cost	22,493	31,667	98,524	152,684	10,216	162,900
Accumulated depreciation	-	(7,041)	(66,419)	(73,460)	-	(73,460)
Net book balance	22,493	24,626	32,105	79,224	10,216	89,440
Annual depreciation rates (weighted average) - %		4-20	10-20			

	Land – Farms	Buildings and improvements	Opening of area	Total in operation	Construction in progress	Consolidated 6/30/2020
At June 30, 2020						
Opening balance	410,561	39,658	78,832	529,051	19,666	548,717
Acquisitions	24,861	197	445	25,503	16,029	41,532
Acquisitions – business combinations	197,710	7,906	-	205,616	-	205,616
Write-offs	(4,199)	(301)	(1,559)	(6,059)	-	(6,059)
Transfers	-	6,469	12,528	18,997	(18,997)	-
(-)Depreciation / amortization	-	(1,830)	(8,257)	(10,087)	-	(10,087)
Effect from conversion	57,118	4,896	22,544	84,558	(6,016)	78,542
Net book balance	686,051	56,995	104,533	847,579	10,682	858,261
At June 30, 2020						
Total cost	686,051	69,276	177,255	932,582	10,682	943,264
Accumulated depreciation	-	(12,281)	(72,722)	(85,003)	-	(85,003)
Net book balance	686,051	56,995	104,533	847,579	10,682	858,261
Annual depreciation rates (weighted average) - %		4-20	05-20			

(In thousands of reais, except as stated otherwise)

	Land – Farms	Buildings and improvements	Opening of area	Total in operation	Construction in progress	Consolidated 6/30/2019
At June 30, 2019						
Opening balance	425,079	32,252	49,474	506,805	50,347	557,152
Acquisitions	718	92	408	1,218	26,993	28,211
Write-offs	(14,416)	(2,098)	(10,662)	(27,176)	(765)	(27,941)
Transfers	-	10,641	45,726	56,367	(56,297)	70
(-)Depreciation / amortization	0	(1,268)	(6,373)	(7,641)	-	(7,641)
Effect from conversion	-820	39	259	(522)	(612)	(1,134)
Net book balance	410,561	39,658	78,832	529,051	19,666	548,717
At June 30, 2019						
Total cost	410,561	48,599	181,128	640,288	19,666	659,954
Accumulated depreciation	-	(8,941)	(102,296)	(111,237)	-	(111,237)
Net book balance	410,561	39,658	78,832	529,051	19,666	548,717
Annual depreciation rates (weighted average) - %		4-20	10-20			

Four farms owned by the Company are held as guarantee for loans and financing according to Note 15, representing, in the consolidated, 30% of total investment properties.

The table below shows the fair value of investment properties compared to their book values:

Farm	State	Hectares 6/30/2020	Hectares 6/30/2019	Real estate	Acquisition	Fair value * 6/30/2020	Fair value * 6/30/2019	Cost Value ** 6/30/2020	Cost Value ** 6/30/2019
Jatobá	Bahia	14,930	18,073	Jaborandi Ltda	Mar-07	242,503	231,646	28,352	33,930
Alto Taquari	Mato Grosso	5,103	5,291	Mogno Ltda	Aug-07	194,504	174,580	33,259	35,247
Araucária	Goiás	5,534	5,534	Araucária Ltda	Apr-07	190,276	163,008	45,488	44,672
Chaparral	Bahia	37,182	37,182	Cajueiro Ltda	Nov-07	417,660	373,014	89,558	87,909
Nova Buriti	Minas Gerais	24,212	24,212	Flamboyant Ltda	Dec-07	35,313	35,822	23,454	23,466
Preferência	Bahia	17,799	17,799	Cajueiro Ltda	Sep-08	68,160	65,172	27,067	27,385
São José	Maranhão	17,566	17,566	Ceibo Ltda	Feb-17	247,572	211,988	110,443	110,157
Marangatu y Udra Farm	Boqueron Paraguai	59,585	59,490	Agropecuaria Moroti S/A	Feb-18	235,270	216,018	232,976	164,190
Arrojadinho Farm	Bahia	16,642	-	Agrifirma Brasil Agropecuaria S/A	Jan-20	88,482	-	82,610	-
Rio do Meio Farm	Bahia	12,288	-	Agrifirma Brasil Agropecuaria S/A	Jan-20	122,687	-	115,100	-
Serra Grande Farm	Piaui	4,489	-	Imobiliaria Cremaq	May-20	30,273	-	26,091	-
		215,330	**185,147**			**1,872,701**	**1,471,248**	**814,398**	**526,956**

(*) The fair value of the investment property on June 30, 2020 was R$1,872,701 (R$1,471,248 June 30, 2019). The fair value was determined based on a comparative market approach and was prepared by the Company's specialists. The comparable sales value of investment properties is adjusted considering the specific aspects of each property, where the price per hectare is the most relevant assumption. The fair value presented is considered as level 3 in the fair value hierarchy and there were no reclassifications among levels in the year.

(**) At June 30, 2020 the cost value of R$814,398 (R$526,956 at June 30, 2019) is not comparable to that disclosed in the "Investment properties" note, since the note contemplates investments made in certain partnerships (leased farms), which are not an integral part of the Company's portfolio of owned farms.

11. Investments

The breakdown of total investments is as follows:

	Company 6/30/2020	Company 6/30/2019	Consolidated 6/30/2020	Consolidated 6/30/2019
Investments	951,979	752,799	5,742	1,256
Goodwill	47	-	-	-
Future capital contribution	143,844	130	-	-
	1,095,870	752,929	5,742	1,256

(In thousands of reais, except as stated otherwise)

	Thousands of shares or units of interest held by the Company	Interest in total capital - %	Total assets	Total liabilities	Equity	IFRS adjustments 16/CPC 06	Percentage of interest in equity	Income (loss) for the year	Equity pickup IFRS adjustments 16/CPC 06	Equity pickup
Subsidiaries										
Araucária	69,301	99.99	89,416	11,831	77,585	327	77,912	12,636	327	12,963
Cremaq	864	99.99	28,232	14,280	13,952	-	13,952	459	-	459
Engenho de Maracaju	182	99.99	18	3	15	-	15	(43)	-	(43)
Imobiliária Jaborandi	44,445	99.99	260,558	44,522	216,036	616	216,652	89,271	616	89,887
Jaborandi Ltda	64,344	99.99	324,059	237,870	86,189	-	86,189	26,769	-	26,769
Cajueiro	59,219	99.99	64,785	1,645	63,140	(3,413)	59,727	9,486	(3,413)	6,073
Mogno	35,134	99.99	48,285	6,870	41,415	266	41,681	14,804	266	15,070
Ceibo	103,945	99.99	109,366	402	108,964	794	109,758	5,189	794	5,983
Flamboyant	836	99.99	642	-	642	1	643	(4)	1	(3)
Palmeiras	13,166,000	99.99	70,311	55,743	14,568	-	14,568	(16,529)	-	(16,529)
Moroti	68,962,000	99.99	3,522,412	3,291,565	230,847	-	230,847	(1,067)	-	(1,067)
Agrifirma	62,104,301	99.99	277,537	39,400	238,137	-	238,137	1	-	1
Joint Venture										
Cresca	-	50.00	1,745	130	1,615	-	1,615	(150)	-	(150)
Other investments										
Agrofy			-	-	4,127	-	4,127	-	-	-
			4,797,366	**3,704,261**	**1,097,232**	**(1,409)**	**1,095,823**	**140,822**	**(1,409)**	**139,413**

(a) Subsidiary created during the Cresca spin-off process.
(b) The total amounts of assets, liabilities, equity (at fair value on the acquisition date adjusted up to June 30, 2020) and loss for the year are stated proportionally to the interest held in Cresca.

a) Changes in investments

	6/30/2019	Acquisition	Capital increase (reduction)	Dividends	Equity pickup	ILPA*	Effect from conversion	6/30/2020
Cremaq	2,037	-	11,456	-	459	-	-	13,952
Engenho	58	-	-	-	(43)	-	-	15
Imobiliária Jaborandi	160,765	-	-	(34,000)	89,887	-	-	216,652
Jaborandi Ltda	109,690	-	(50,000)	-	26,769	(270)	-	86,189
Araucária	84,393	-	-	(19,444)	12,963	-	-	77,912
Mogno	38,046	-	-	(11,435)	15,070	-	-	41,681
Cajueiro	62,758	-	-	(9,104)	6,073	-	-	59,727
Ceibo	106,125	-	(2,350)	-	5,983	-	-	109,758
Flamboyant	643	-	3	-	(3)	-	-	643
Palmeiras	24,774	-	-	-	(16,529)	(101)	6,424	14,568
Moroti	162,384	-	-	-	(1,067)	-	69,530	230,847
Agrifirma		106,049	132,353	-	1	-	(266)	238,137
Cresca	1,256	-	-	-	(150)	-	509	1,615
Agrofy	-	4,127	-	-	-	-	-	4,127
	752,929	110,176	91,462	(73,983)	139,413	(371)	76,197	1,095,823
Goodwill								
Agrifirma	-	47	-	-	-	-	-	47
	752,929	**110,223**	**91,462**	**(73,983)**	**139,413**	**(371)**	**76,197**	**1,095,870**

	6/30/2018	Acquisition	Capital increase (reduction)	Dividends	Equity pickup	ILPA*	Effect from conversion	6/30/2019
Cremaq	1,883	-	77	-	77	-	-	2,037
Engenho	-	-	106	-	(48)	-	-	58
Imobiliária		-						
Jaborandi	38,559		8,122	(33,690)	147,774	-	-	160,765
Jaborandi Ltda	90,241	-	3,089	-	16,281	79	-	109,690
Araucária	85,428	-	-	-	(1,035)	-	-	84,393
Mogno	35,170	-	-	(3,750)	6,626	-	-	38,046
Cajueiro	61,279	-	-	(6,085)	7,564	-	-	62,758
Ceibo	107,328	-	(4,650)	-	3,447	-	-	106,125
Flamboyant	641	-	3	-	(1)	-	-	643
Palmeiras	22,104	-	18	-	2,626	62	(36)	24,774
Moroti	164,400	-	(48)	-	(978)	-	(990)	162,384
Cresca	86	-	49	-	1,102	-	19	1,256
		-						-
	607,119	**-**	**6,766**	**(43,525)**	**183,435**	**141**	**(1,007)**	**752,929**

*Long-term incentive plan

(In thousands of reais, except as stated otherwise)

b) Indirectly controlled companies

The Company holds indirect interests in the capital of other companies through its subsidiary Agrifirma. The table below shows the main assets and liabilities and profit or loss of Agrifirma Group consolidated on June 30, 2020:

	Interest (%)	Assets	Liabilities	Equity	Profit (loss)
Agrifirma Bahia Agropecuária Ltda.	99.99	80,941	79	80,862	(95)
I.A. Agro Ltda.	99.99	252	10	242	(2,456)
GL Empreendimentos e Participações Ltda.	99.99	4,112	-	4,112	-
Agrifirma Delaware LLC (*)	100.00	91	91	-	(1,520)
		85,396	**180**	**85,216**	**(4,071)**

(*) Overseas company closed on June 25, 2020

c) Interest in joint venture

Cresca's summarized financial information, based on the financial statements prepared in accordance with the accounting practices adopted in Brazil and with IFRS, and the reconciliation with the book value of the investment in the consolidated financial statements are presented below at fair value on the acquisition date up to June 30, 2020:

	6/30/2020	6/30/2019
Assets	**3,489**	**2,876**
Current	**3,447**	**2,865**
Cash and cash equivalents	175	349
Accounts receivable, inventories and other receivables	3,272	2,516
Non-current	**42**	**11**
Other non-current assets	42	11
Liabilities	**260**	**365**
Current	**260**	**365**
Trade payables, taxes and loans	260	365
Total net assets	**3,229**	**2,511**
Company's interest – 50%	**50%**	**50%**
Company's interest in net assets at estimated fair value	**1,615**	**1,256**

	6/30/2020	6/30/2019
Revenue	-	3
Cost of products sold	-	(6)
Gross expenses	**-**	**(3)**
Selling expenses	-	(43)
Administrative expenses	(28)	(235)
Other income/expenses	-	(72)
Financial expenses	(272)	(101)
Profit (loss) before income tax	**(300)**	**(454)**
Income tax and social contribution	-	2,658
Profit (loss) for the year	**(300)**	**2,204**
Company's interest – 50%	**(150)**	**1,102**

BrasilAgro – Companhia Brasileira de Propriedades Agrícolas

Notes to the financial statements – Continued
June 30, 2020
(In thousands of reais, except as stated otherwise)

12. Property, plant and equipment

Company

	Buildings and improvements	Equipment and facilities	Agricultural vehicles and machinery	Furniture and fixtures	Total in operation	Property, plant and equipment in progress	Sugarcane	Total property, plant and equipment
At June 30, 2019								
Opening balance	197	1,163	6,081	375	7,816	32	28,663	36,511
Acquisitions	2	1,229	828	323	2,382	135	8,366	10,883
Write-offs	-	(20)	(273)	(12)	(305)	-	-	(305)
Transfers	-	167	-	-	167	(167)	-	-
Depreciation	(67)	(399)	(646)	(89)	(1,201)	-	(8,279)	(9,480)
Accounting balance, net	132	2,140	5,990	597	8,859	-	28,750	37,609
At June 30, 2019								
Total cost	933	5,726	19,461	1,422	27,542	-	60,690	88,232
Accumulated depreciation	(801)	(3,586)	(13,471)	(825)	(18,683)	-	(31,940)	(50,623)
Accounting balance, net	132	2,140	5,990	597	8,859	-	28,750	37,609
At June 30, 2020								
Opening balance	132	2,140	5,990	597	8,859	-	28,750	37,609
Acquisitions	-	832	404	160	1,396	52	4,294	5,742
First-time adoption	-	-	-	-	-	-	-	-
Write-offs	-	(19)	(4,173)	(2)	(4,194)	-	-	(4,194)
Transfers	108	48	-	-	156	(52)	(104)	-
Depreciation	(40)	(457)	(311)	(111)	(919)	-	(8,729)	(9,648)
Accounting balance, net	200	2,544	1,910	644	5,298	-	24,211	29,509
At June 30, 2020								
Total cost	1,041	5,951	3,960	1,372	12,324	-	66,892	79,216
Accumulated depreciation	(841)	(3,407)	(2,050)	(728)	(7,026)	-	(42,681)	(49,707)
Accounting balance, net	200	2,544	1,910	644	5,298	-	24,211	29,509
Annual depreciation rates (weighted average) - %	2-25	10	13-20	10			16-27	

Consolidated

	Buildings and improvements	Equipment and facilities	Agricultural vehicles and machinery	Furniture and fixtures	Total in operation	Property, plant and equipment in progress	Sugarcane	Total property, plant and equipment
At June 30, 2019								
Opening balance	197	6,973	10,995	762	18,927	111	65,792	84,830
Acquisitions	2	7,835	1,850	453	10,140	289	32,609	43,038
Write-offs	-	(94)	(322)	(17)	(433)	-	-	(433)
Transfers	-	330	-	-	330	(400)	-	(70)
Depreciation	(88)	(1,270)	(1,480)	(154)	(2,992)	-	(16,500)	(19,492)
Effect from conversion	-	-	(21)	-	(21)	-	-	(21)
Accounting balance, net	111	13,774	11,022	1,044	25,951	-	81,901	107,852
At June 30, 2019								
Total cost	933	19,162	26,732	2,057	48,884	-	130,516	179,400
Accumulated depreciation	(822)	(5,388)	(15,710)	(1,013)	(22,933)	-	(48,615)	(71,548)
Accounting balance, net	111	13,774	11,022	1,044	25,951	-	81,901	107,852
At June 30, 2020								
Opening balance	111	13,774	11,022	1,044	25,951	-	81,901	107,852
Acquisitions	-	1,391	2,519	238	4,148	96	20,508	24,752
Acquisitions – business combination	-	-	14,279	1,356	15,635	-	-	15,635
Write-offs	-	(115)	(4,968)	(10)	(5,093)	-	-	(5,093)
Transfers	108	92	-	-	200	(96)	(104)	-
Depreciation	(47)	(1,817)	(5,294)	(235)	(7,393)	-	(20,740)	(28,133)
Effect from conversion	-	87	776	49	912	-	-	912
Accounting balance, net	172	13,412	18,334	2,442	34,360	-	81,565	115,925
At June 30, 2020								
Total cost	1,041	19,540	46,668	4,065	71,314	-	152,403	223,717
Accumulated depreciation	(869)	(6,128)	(28,334)	(1,623)	(36,954)	-	(70,838)	(107,792)
Accounting balance, net	172	13,412	18,334	2,442	34,360	-	81,565	115,925
Annual depreciation rates (weighted average) - %	2-25	10	13-20	10			16-27	

(In thousands of reais, except as stated otherwise)

13. Right-of-use asset

				Company
	Land – Farms	Buildings and improvements	Vehicles and Agricultural Machinery	Right-of-use Total
At June 30, 2020				
First-time adoption	161,263	525	1,254	163,042
New contracts	28,365	-	185	28,550
Adjustments	5,269	104	(766)	4,607
(-) Depreciation / Amortization	(30,404)	(539)	(456)	(31,399)
Book value, net	164,493	90	217	164,800
At June 30, 2020				
Total cost	194,897	629	673	196,199
Cumulative depreciation	(30,404)	(539)	(456)	(31,399)
Book balance, net	164,493	90	217	164,800

				Consolidated
	Land – Farms	Buildings and improvements	Vehicles and Agricultural Machinery	Right-of-use Total
At June 30, 2020				
First-time adoption	87,209	538	5,047	92,794
New contracts	28,365	-	601	28,966
Adjustments	6,873	331	(2,511)	4,693
(-) Depreciation / Amortization	(23,335)	(580)	(1,723)	(25,638)
Translation gains (losses)	251	3	24	278
Book balance, net	99,363	292	1,438	101,093
At June 30, 2020				
Total cost	122,698	872	3,161	126,731
Cumulative depreciation	(23,335)	(580)	(1,723)	(25,638)
Book balance, net	99,363	292	1,438	101,093

14. Leases payable

		Company		Consolidated	
	Nature	6/30/2020	6/30/2019	6/30/2020	6/30/2019
Current					
Financial lease sugarcane fields	Parceria III	287	254	287	254
Operating leases		-	27,126	-	26,249
Operating leases - IFRS 16		34,833	-	25,562	-
		35,120	27,380	25,849	26,503
Non-current					
Financial lease sugarcane fields	Parceria IV	-	-	34,011	20,943
Operating leases - IFRS 16	-	150,261	-	92,503	-
		150,261	-	126,514	20,943
		185,381	27,380	152,363	47,446

(In thousands of reais, except as stated otherwise)

Changes in leases

							Company
	6/30/2019	First-time adoption - IFRS 16	Exchange variation	Inflation adjustment	Payments	New contracts	6/30/2020
Financial lease sugarcane fields - Parceria III	254	-	-	33	-	-	287
Operating leases	2,040	-	-	-	(2,040)	-	-
Operating leases - IFRS 16	25,086	163,042	-	17,528	(49,112)	28,550	185,094
	27,380	**163,042**	**-**	**17,561**	**(51,152)**	**28,550**	**185,381**

							Consolidated
	6/30/2019	First-time adoption - IFRS 16	Exchange variation	Inflation adjustment	Payments	New contracts	6/30/2020
Financial lease sugarcane fields - Parceria III	254	-	-	33	-	-	287
Financial lease sugarcane fields - Parceria IV	20,943	-	-	13,068	-	-	34,011
Operating leases	7,156	-	-	-	(13,006)	5,850	-
Operating leases - IFRS 16	19,093	92,794	307	13,912	(37,007)	28,966	118,065
	47,446	**92,794**	**307**	**27,013**	**(50,013)**	**34,816**	**152,363**

Today, the Company's main contracts subject to IFRS 16/CPC 06 (R2) are related to agricultural partnership and land lease operations, as well as other less relevant contracts that involve leases of machinery, vehicles and properties.

Under Liabilities, changes occur upon effective payment of the lease as well as periodic restatement by variation in the soybean or sugarcane price and adjustment to present value. The impacts from adjustment to present value are recognized under Financial Income (Loss), net.

On June 30, 2020, the Company and its subsidiaries held the following agreements for leases from third parties and of buildings:

			Lease liabilities
Description	**Location**	**Currency**	**6/30/2020**
Parceria II	Ribeiro Gonçalves - PI	R$	14,390
Parceria III	Alto Taquari - MT	R$	35,167
Parceria III – Sugarcane plantation lease	Alto Taquari	R$	287
Parceria IV - Sugarcane plantation lease	São Raimundo de Mangabeira	R$	34,011
Parceria V	São Félix do Xingu - MT	R$	36,492
Araucária	Mineiros - GO	R$	2,271
Parceria VII	Baixa Grande do Ribeiro - PI	R$	26,697
Headquarters	São Paulo - SP	R$	181
Vehicle lease	N.A.	R$	549
Services with identified assets	N.A.	R$	1,840
Lease of vehicles and office in Paraguay	Assunção - Paraguai	R$	478
		R$	**152,363**

The above lease liabilities, which are under IFRS 16, represent a discount rate that ranges from 4.82% to 6.91%.

The lease agreements with third parties of the Company are indexed to the price of the soybean bag in the region where each unit is located, except for Parceria III and Headquarters, where the price is determined via Consecana and fixed payments, respectively. For the cases where payments are indexed to the soybean bag, future minimum payments are estimated in number of soybean bags and translated into local currency using the soybean price of each region, on the base date of first-time adoption of IFRS 16 / CPC 06, and adjusted to the current price at time of payment. Meanwhile, payments indexed to Consecana are stipulated in tons of cane and translated into local currency based on the Consecana price in effect at the time.

(In thousands of reais, except as stated otherwise)

With regard to the lease agreements of third parties, we also inform that:

(i) they contain no contingent payment clause; the lease agreements of Parceria II, V and Araucária are, for the most part, indexed to the variation in the soybean bag price, and, in the case of Parceria II, there is a clause for adjustment of payment for yield bonus; there are no restrictions imposed, such as those related to dividends and interest on equity, additional debt or any other that requires additional disclosure.

The payment realization flow of the aforementioned leases are shown below:

	Consolidated
1 year	25,849
2 years	26,200
3 years	17,674
4 years	16,381
5 years	11,275
Above 5 years	54,984
	152,363

15. Trade accounts payable and other liabilities

		Company		Consolidated	
	Note	6/30/2020	6/30/2019	6/30/2020	6/30/2019
Trade accounts payable	15,1	31,219	23,798	55,603	37,710
Taxes payable		983	1,262	12,396	7,443
Dividends payable		28,394	42,060	28,394	42,060
Advances to clients		5,367	1,352	10,249	5,707
Other liabilities		4,392	-	4,528	34
Total current		70,355	68,472	111,170	92,954
Taxes payable		-	-	25,770	19,451
Other payables		-	-	2,232	-
Total non-current		-	-	28,002	19,451

15.1 Trade accounts payable

At June 30, 2020, the Company's balance of trade accounts payable is as follows:

	Company		Consolidated	
	6/30/2020	6/30/2019	6/30/2020	6/30/2019
Inputs and services	31,219	23,798	55,603	37,710
	31,219	23,798	55,603	37,710

(In thousands of reais, except as stated otherwise)

16. Loans, financing and debentures

		Annual interest rates and charges - %		Company		Consolidated	
	Index	6/30/2020	6/30/2019	6/30/2020	6/30/2019	6/30/2020	6/30/2019
Financing for agricultural costs							
	Fixed rate + CDI	1.80% + 100%	-	40,568	-	40,568	-
	Fixed rate	-	7.00%	-	3,131	-	6,293
	Fixed rate	3.90%	-	4,536	-	9,072	-
	Fixed rate	6.30%	-	108,057	-	108,057	-
	Fixed rate	6.34%	-	-	-	3,251	-
	Fixed rate	-	6.14%	-	20,317	-	32,295
	Fixed rate	7.64%	-	9,076	-	9,076	-
				162,237	23,448	170,024	38,588
Financing for agricultural costs (USD)							
	Fixed rate	7.00%	-	-	-	2,787	-
	Fixed rate	8.50%	-	-	-	5,573	-
				-	-	8,360	-
Financing for agricultural costs (PYG)							
	Fixed rate	8.00%	-	-	-	7,940	-
	Fixed rate	8.25%	8.25%	-	-	19,749	18,364
				-	-	27,689	18,364
Bahia Project Financing							
	Fixed rate	3.50%	3.50%	-	-	10,023	9,612
	Fixed rate	-	4.00%	-	2,668	-	2,668
	Fixed rate	6.50%	6.50%	66	198	66	198
	Fixed rate	7.50%	7.50%	165	497	165	497
	Fixed rate	-	9.00%	-	15,559	-	15,559
				231	18,922	10,254	28,534
Financing of working capital							
	Fixed rate + CDI	2% + 100%	-	55,368	-	77,516	-
				55,368	-	77,516	-
FINAME							
	Fixed rate	7.22%	7.22%	-	-	230	321
	Fixed rate + TJLP	-	3.73%	-	874	-	1,285
	Fixed rate	-	8.50%	-	-	-	2,204
	Fixed rate	-	10.50%	-	-	-	1,732
				-	874	230	5,542
Financing of sugarcane							
	Fixed rate	6.76%	6.76%	2,447	2,863	2,447	2,863
	Fixed rate	6.14%	-	-	-	40,857	27,580
	Fixed rate	6.34%	-	-	-	29,986	-
	Fixed rate + TJLP	-	3.80%	-	10,948	-	10,948
	Fixed rate	-	10.00%	-	2,091	-	2,091
				2,447	15,902	73,290	43,482
Debentures							
	CDI	106.50%	106.50%	88,884	91,518	88,884	91,518
	CDI	110.00%	110.00%	59,548	61,371	59,548	61,371
				148,432	152,889	148,432	152,889
(-) Transaction costs				(1,579)	(1,546)	(1,682)	(1,546)
				367,136	210,489	514,113	285,853
Current				112,582	41,960	217,274	76,608
Non-current				254,554	168,529	296,839	209,245

Keys:
TJLP – Long Term Interest Rate
FINAME – Financing of Machinery and Equipment (BNDES)
BNB – Banco do Nordeste
PYG – Paraguayan currency (Guarani)

Breakdown of debt by index

	Company		Consolidated	
	6/30/2020	6/30/2019	6/30/2020	6/30/2019
Fixed rate	122,768	45,778	247,597	120,731
CDI	244,368	152,889	266,516	152,889
TJLP	-	11,822	-	12,233
	367,136	210,489	514,113	285,853

(In thousands of reais, except as stated otherwise)

Maturities of short- and long-term loans and financing are broken down as follows:

	Company		Consolidated	
	6/30/2020	6/30/2019	6/30/2020	6/30/2019
1 year	112,582	41,960	217,274	76,608
2 years	191,818	49,606	198,793	78,326
3 years	44,695	49,353	51,670	51,283
4 years	15,773	49,107	22,098	50,909
5 years	2,268	20,463	8,269	21,999
Above 5 years	-	-	16,009	6,728
	367,136	210,489	514,113	285,853

Changes in loans and financing

						Company
	6/30/2019	Contracting	Payment of principal	Payment Interest	Appropriation of interest	6/30/2020
Agricultural Cost Financing	23,448	158,056	(22,646)	(1,076)	4,455	162,237
Bahia Project Financing (*)	18,922	-	(16,953)	(2,864)	1,126	231
Working capital financing	-	55,000	-	-	368	55,368
Financing of Machinery and Equipment – FINAME	874	-	(853)	(82)	61	-
Sugarcane Financing	15,902	-	(12,689)	(1,977)	1,211	2,447
Debentures	152,889	-	-	(11,626)	7,169	148,432
Transaction costs	(1,546)	-	-	-	(33)	(1,579)
	210,489	**213,056**	**(53,141)**	**(17,625)**	**14,357**	**367,136**

						Company
	6/30/2018	Contracting	Payment of principal	Payment Interest	Appropriation of interest	6/30/2019
Agricultural Cost Financing	10,374	22,646	(10,380)	-	808	23,448
Bahia Project Financing	20,947	-	(3,018)	(318)	1,311	18,922
Finame	895	-	(23)	(90)	92	874
Sugarcane Financing	14,272	2,747	(2,487)	(117)	1,487	15,902
Debentures	141,562	-	-	-	9,781	151,343
Transaction costs	79	-	-	-	(79)	-
	188,129	**25,393**	**(15,908)**	**(525)**	**13,400**	**210,489**

								Consolidated
	6/30/2019	Acquisition Agrifirma	Contracting	Payment of principal	Payment Interest	Appropriation of interest	Foreign exchange variation	6/30/2020
Agricultural Cost Financing	38,588	-	166,346	(38,185)	(1,848)	5,123	-	170,024
Agricultural Cost Financing Abroad	18,364	-	14,181	(4,017)	(1,020)	2,007	6,534	36,049
Bahia Project Financing (*)	28,534	-	-	(16,953)	(2,864)	1,537	-	10,254
Working Capital Financing	-	123,862	77,000	(63,777)	(65,980)	3,369	3,042	77,516
Financing of Machinery and Equipment – FINAME	5,542	-	-	(5,346)	(481)	433	82	230
Sugarcane Financing	43,482	-	43,482	(15,689)	(2,194)	4,208	1	73,290
Debentures	152,889	-	-	-	(11,626)	7,169	-	148,432
Transaction costs	(1,546)	-	-	-	-	(136)	-	(1,682)
	285,853	**123,862**	**301,009**	**(143,967)**	**(86,013)**	**23,710**	**9,659**	**514,113**

								Consolidated
	6/30/2018	Acquisition Agrifirma	Contracting	Payment of principal	Payment Interest	Appropriation of interest	Foreign exchange variation	6/30/2019
Agricultural Cost Financing	31,847	-	37,523	(32,148)	-	1,366	-	38,588
Agricultural Cost Financing Abroad	11,486	-	22,838	(15,046)	(1,297)	1,365	(982)	18,364
Bahia Project Financing	30,277	-	-	(3,018)	(318)	1,593	-	28,534
Finame	6,041	-	-	(479)	(560)	538	2	5,542
Sugarcane Financing	34,512	-	30,233	(22,487)	(1,862)	3,086	-	43,482
Debentures	141,562	-	-	-	-	9,781	-	151,343
Transaction costs	79	-	-	-	-	(79)	-	-
	255,804	**-**	**90,594**	**(73,178)**	**(4,037)**	**17,650**	**(980)**	**285,853**

(*) Financing to raise funds for opening of areas and improvements in Jatobá and Chaparral farms.

(a) Loans and Financing

Covenants

All loans and financing contracts above are in Reais and have specific terms and conditions defined in the respective contracts with governmental economic and development agencies that directly or indirectly grant those loans. At June 30, 2020 and June 30, 2019 the Company's financing had no financial covenants, but rather only operating clauses, on which the Company is not in default.

(b) Debentures

On May 25, 2018, one hundred forty-two thousand, two hundred (142,200) non-convertible debentures were subscribed to and paid in, with security interest, in the total of R$142,200 (R$85,200 for the first series and R$57,000 for the second).

The maturity date of the first-series debentures is August 1, 2022 ("maturity date of the first series") and their unit face value will be paid in three (3) annual installments, the first on July 30, 2020 and the final on the maturity date of the first series. Compensatory interest corresponding to one hundred six point fifty percent (106.50%) of the DI rate will be accrued on the unit face value of first-series debentures, which will be paid on July 30 of each year or on the maturity date of the first series. The maturity date of the second-series debentures is July 31, 2023 ("maturity date of the second series") and their unit face value will be paid in four (4) annual installments, the first on July 30, 2020 and the final on the maturity date of the second series. Compensatory interest corresponding to one hundred ten percent (110.00%) of the overnight DI rate will be accrued on the unit face value of second-series debentures, which will be paid on July 30 of each year or on the maturity date of the second series.

The Debentures were linked to a securitization transaction, serving as guarantee for the issue of Certificates of Agribusiness Receivables ("CRA") pursuant to Law 11,076/2004 and CVM Instruction 414/2004, which were the object of a public distribution offer with restricted efforts, under CVM Instruction 476/2009 ("Restricted Offer").

The Debentures are backed by security interest in the form of fiduciary sale of properties owned by the Company and registered under no. 6,254, 6,267 and 6,405, all of them at the Property Records Office of Correntina in the state of Bahia.

The costs directly related to the issue of debentures totaled R$2,035. In the year ended June 30, 2020, the amount of R$457 (R$79 on June 30, 2019) was amortized, with the amount of R$1,089 remaining to be amortized on June 30, 2020 (R$1,546 on June 30, 2019).

Covenants

The debentures have covenants related to the maintenance of certain financial indicators, based on the ratio of net debt to fair value of properties for investment. Failure by the Company to attain these indicators during the term of the debentures may entail advance maturity of the debt.

On June 30, 2020, the Company is in compliance with the covenants described above.

(In thousands of reais, except as stated otherwise)

17. Income and social contribution taxes

17.1. Deferred taxes

Deferred income and social contribution tax assets and liabilities are offset when there is a legal right to offset tax credits against tax liabilities, and provided that they refer to the same tax authority and the same legal entity.

The fiscal year for income tax and social contribution calculation purposes is different from that adopted by the Company, which ends June 30 of each year.

Deferred income and social contribution tax assets and liabilities as of June 30, 2020 and 2019 are as follows:

	Company		Consolidated	
	6/30/2020	6/30/2019	6/30/2020	6/30/2019
Assets				
Non-current				
Tax losses	53,432	36,082	63,066	54,555
Biological assets	-	-	1,389	6,275
Financial lease	6,876	-	13,886	3,443
Provision for contingency, bonus, share-based compensation, present value and fair value adjustments	1,545	7,541	4,794	9,374
Hedge	4,720	2,185	4,720	2,185
Allowance for doubtful accounts	403	308	890	488
Difference in cost of farms	170	170	170	170
Provision of other accounts payable	2,074	1,938	2,550	2,468
Subscription warrant	358	-	358	
	69,578	48,224	91,823	78,958
Non-current				
Biological assets	27,341	11,289	27,735	11,546
Financial lease	-	58	-	58
Investment gain	1,733	1,733	1,733	1,733
Transaction costs	536	526	570	526
Provision for net book value – useful life of PPE	611	1,592	981	1,880
Accelerated depreciation of assets for rural activity	17,504	18,633	44,606	42,705
Deferred taxes on surplus value of PPE and investment property – Acquisition of Agrifirma	-	-	26,947	-
	47,725	33,831	102,572	58,448
Deferred assets, net	21,853	14,393	23,282	20,510
Deferred liabilities, net	-	-	(34,031)	-
Net balance	21,853	14,393	(10,749)	20,510

(In thousands of reais, except as stated otherwise)

The net change in deferred income tax is as follows:

	Company	Consolidated
At June 30, 2018	**18,281**	**32,742**
Tax losses	629	11,113
Adjustments in biological assets and agricultural products	387	2,173
Financial lease	490	1,830
Provisions for contingency and fair value	737	1,823
Hedge	1,840	1,821
Costs of transactions	(27)	(27)
Allowance for doubtful accounts	(484)	(180)
Provision for other accounts payable and receivable	598	674
Accelerated depreciation	(8,058)	(31,459)
At June 30, 2019	**14,393**	**20,510**
Tax losses	17,350	8,511
Biological assets	(16,052)	(21,075)
Financial lease	6,934	10,501
Provision for contingency, bonus, share-based compensation, present value and fair value adjustments	(5,996)	(4,580)
Hedge	2,535	2,535
Costs of transactions	(10)	(44)
Allowance for doubtful accounts	1,076	402
Provision for other accounts payable	136	82
Accelerated depreciation of assets for rural activity	1,129	(1,002)
Subscription warrant	358	358
Deferred taxes on surplus value of PPE and investment property – Acquisition of Agrifirma (Note 1.4)	-	(27,731)
Realization of deferred taxes on surplus value of PPE and investment property – Acquisition of Agrifirma	-	784
At June 30, 2020	**21,853**	**(10,749)**

The estimated years of realization of deferred tax assets are as follows:

		6/30/2020
	Company	**Consolidated**
2021	32,396	44,890
2022	5,442	9,333
2023	4,195	4,188
2024	4,132	4,255
2025 to 2030	23,413	29,157
	69,578	91,823

On August 27, 2020, the Audit Board approved the estimate that confirms the expected realization of deferred tax assets.

(In thousands of reais, except as stated otherwise)

17.2. Income and social contribution expenses

	Company		Consolidated	
	6/30/2020	6/30/2019	6/30/2020	6/30/2019
Income before income and social contribution taxes	115,298	182,974	133,529	199,798
Combined nominal rate of income and social contribution taxes – %	34%	34%	34%	34%
	(39,201)	(62,211)	(45,400)	(67,931)
Equity pickup/Investment losses	47,401	62,368	(51)	375
Management bonuses	(2,411)	(2,827)	(2,411)	(2,827)
Share-based incentive plan - ILPA	126	(232)	126	(232)
Non-deductible expenses	-	(51)	-	(126)
Net effect of profits taxes abroad	(1,070)	(2,618)	(1,070)	(2,618)
Net effect of subsidiaries taxed whose profit is computed as a percentage of gross revenue (*)	-	-	35,999	51,126
Other	(589)	(324)	(1,168)	(486)
Income and social contribution taxes on P&L for the year	4,256	(5,895)	(13,975)	(22,719)
Current	(3,204)	(2,007)	(10,447)	(10,487)
Deferred	7,460	(3,888)	(3,528)	(12,232)
	4,256	(5,895)	(13,975)	(22,719)
Effective rate	4%	-3%	-10%	-11%

(*) For some of our real estate agencies, income tax is measured based on the regime whereby profit is computed as a percentage of gross revenue, i.e., income tax is determined on a simplified base to calculate the taxable profit (32% for lease revenues, 8% from sale of farms and 100% for other earnings). This results effectively in taxing the profit of subsidiaries at rate a lower rate than if taxable profit were based on accounting records.

18. Other liabilities

	Company	Consolidated
	6/30/2020	6/30/2019
Accounts payable for acquisition of Serra Grande Farm (a)	-	14,263
Variable consideration for acquisition of Agrifirma (b)	25,128	25,128
	25,128	39,391
Current	-	5,017
Non-current	25,128	34,374

a) On May 18, 2020, the Company acquired 4,489 hectares of Serra Grande Farm for R$25,047. On June 30, 2020, the liability mainly refers to the delivery of 162,000 bags of soybean in three annual installments of 54,000 bags each. The Company maintains its liability measured at fair value through profit or loss.

b) The consideration transferred in exchange for control of Agrifirma is divided into four classes, classified in the financial statement in accordance with their characteristics. Restricted shares, Agrifirma Warrants and Agrifirma Warrant Dividends, given their variation factor, were classified as financial liability and are measured at fair value through profit or loss. The impact of this variation in profit or loss on June 30, 2020 was R$1,053.

On June 30, 2019, there were no outstanding balances under Other liabilities.

The maturities of accounts payable due to acquisition of Serra Grande Farm are broken down as follows:

	Consolidated
1 year	5,017
2 years	4,649
3 years	4,597
	14,263

(In thousands of reais, except as stated otherwise)

19. Equity

a) Capital (number of shares)

Shareholder	Number of shares 6/30/2020	6/30/2019
Cresud S.A.C.I.F.Y.A.	19,910,800	23,291,500
Board of Directors	192,800	8,462,700
Executive Board	263,453	131,267
Officers	456,253	8,593,967
Treasury	2,761,820	3,086,748
Other	38,975,428	21,916,701
Total shares of paid-up capital	62,104,301	56,888,916
Total outstanding shares	38,975,428	21,916,701
Outstanding shares as percentage of total shares (%)	63	39

At June 30, 2020, the Company's subscribed and paid-up capital amounted to R$699,811 (R$584,224 at June 30, 2019). The Company is authorized to increase its capital, regardless of the statutory reform, up to the limit of R$3,000,000, as decided by the Board of Directors.

b) Capital reserve

Goodwill on share issue

Capital Reserves are composed of amounts received by the company that are not registered under profit or loss as revenue, since they refer to amounts allocated to capital reinforcement, which did not involve any effort from the company in delivering the goods or services.

The reserve recorded on June 30, 2020 is linked to the acquisition of the subsidiary Agrifirma on January 27, 2020 (Note 1.4), a transaction conducted via transfer of shares that generated a difference between capital increase and equity increase, as shown below:

	Number of shares	Amount
Unrestricted shares	4,402,404	97,569
Restricted shares(*)	812,981	18,018
Shares issued in the initial exchange ratio / Capital increase	**5,215,385**	**115,587**
Unrestricted shares (final exchange ratio) / Capital increase	**4,044,654**	**82,021**
Reserve of goodwill on share issue		**(33,566)**

(*) Shares with restrictions on sale do not meet the definition of equity instruments and are registered as financial liabilities.

Share-based compensation

The information on the share-based compensation plan is described in Note 23.

c) Profit reserves

Legal reserve

Pursuant to article 193 of Law No. 6404/76 and article 36, item (a), 5% (five per cent) of the Company's net income at the end of each year, before any other allocation, shall be used to set up a legal reserve, which shall not exceed 20% (twenty percent) of share capital.
The Company may not to constitute the legal reserve in the fiscal year in which the balance of reserve, plus the amount of capital reserve set forth in item 1, of article 182, of Law No. 6404/76, exceeds 30% (thirty per cent) of the share capital. The legal reserve aims at assuring the integrity of the Company's share capital and may only be used to offset loss and increase capital.

Reserve for investment and expansion

According to article 36, subparagraph (c), of its articles of incorporation and article 196 of Law No. 6404/76, the Company may allocate the remaining portion of adjusted net income for the year ended to the reserve for investment and expansion, based on the capital budget approved at the Shareholders Meeting.

The balance of income reserve, except for the reserves for unrealized profit and reserves for contingencies, cannot exceed the amount of share capital. Once this maximum limit is attained, the General Meeting may resolve on the destination of the exceeding portion as capital payment, increase of share capital or distribution of dividends.

d) Dividends

On November 14, 2019, the Company paid the dividends approved at the Annual Shareholders Meeting held on October 16, 2019, which included minimum mandatory dividends of R$42,056 and additional dividends proposed of R$7,944. In accordance with article 40 of the Bylaws, dividends not received or claimed will be time-barred within three (3) years from the date they were made available to the shareholder, and will revert to the Company.

Pursuant to article 36, of the Company's Bylaws, income for the year shall be allocated as follows after accrual of the legal reserve: (i) 25% (twenty five percent) of adjusted net income will be allocated to the payment of mandatory dividends and (ii) the remaining portion of adjusted net income may be allocated to the reserve for investment and expansion.

(In thousands of reais, except as stated otherwise)

The allocation of net income for the year as of June 30, 2020 is as follows:

	6/30/2020	6/30/2019
Net income for the year	119,554	177,079
(-) Constitution of legal reserve (5% of net income)	(5,978)	(8,854)
Adjusted net income	**113,576**	**168,225**
(-) Minimum mandatory dividends - 25% of adjusted net income	(28,394)	(42,056)
(-) Proposed additional dividends	(13,606)	(7,944)
Dividends proposed	**(42,000)**	**(50,000)**
Constitution of reserve for investments and expansion	**71,576**	**118,225**
Total paid-in capital (per thousand shares)	62,104	56,889
(-) Treasury shares (per thousand shares)	(2,762)	(3,087)
(=) Free float (per thousand shares)	**59,342**	**53,802**
Dividend per share (R$)	0.71	0.93

e) Other comprehensive income

At June 30, 2020, the effects from foreign exchange rate variation arising from the translation of Cresca, Palmeiras and Moroti financial statements amounted to R$76,463 (positive (R$1,007) on June 30, 2019), and the accumulated effect reached R$115,339 (R$38,876 on June 30, 2019).

f) Treasury shares

Under article 20, item XII of the Bylaws of the Company, the Board of Directors is responsible, among others established in the law or the Bylaws, for deliberating on the acquisition by the Company of shares issued by itself, to be held in treasury and/or later cancellation or sale. The Company approved three (3) Share Repurchase Programs at the Board of Directors meetings held on: (i) September 2, 2013; (ii) June 25, 2016; and, finally, (iii) the last Share Repurchase Program of the Company, approved at the Board of Directors meeting held on September 20, 2016, whose term of eighteen (18) months ended on March 21, 2018. Currently there is no Share Repurchase Program in force, and the number of treasury shares at June 30, 2020 is 2,761,820.

Changes in treasury shares in the year are as follows:

Treasury shares	**Number of shares**	**Amount (R$)**
At June 30, 2019	3,086,748	35,208
Transfers (Note 23.a)	(324,928)	(3,707)
At June 30, 2020	2,761,820	31,501

g) Subscription warrants

On March 15, 2006, the Board of Directors approved the issue of 512,000 shares subscription warrants, 256,000 of which for first issue, and 256,000 of which for second issue, which were delivered to the founder shareholders, in proportion to their interest in the Company's capital at the date of issue of the subscription warrant. Each issue of subscription warrant grants their holders the right to subscribe shares issued by the Company, in an amount equivalent to 20% of its capital after the increase arising from the full exercise of the subscription warrant of each issue.

(In thousands of reais, except as stated otherwise)

Subscription warrants of the first issue grant their holders, as from the dates on which they become exercisable, the right to subscribe the shares issued by the Company through the payment of the price per share used in the initial public offering, subject to certain restatement and adjustment rules. The subscription warrants of the first issue were issued in three series, which differ solely as to the date on which the right to subscribe the shares granted by them start.

Exceptionally, the subscription warrants of the first issue may be exercised by their holders in the event of transfer of the Company's control or acquisition of material participation, as defined in the terms of the corporate documents that decided on the issue of the subscription warrants.

The subscription warrants of the second issue grant the holders the right to subscribe shares issued by the Company for up to 15 years, from the date of publication of the announcement of closing of the initial public offering of shares and solely in the events of (i) transfer of control in accordance with our bylaws, the regulations of the Novo Mercado and the rules of the CVM, (ii) acquisition of a relevant interest in our capital in accordance with our bylaws, or (iii) a mandatory public offering in accordance with the rules of the CVM. In any of these events, a public offering for acquisition of all the outstanding shares of the Company shall be presented. For the subscription of shares object of the subscription warrants of second issue, their holders shall be required to pay the same price per share used in the abovementioned public offerings of acquisition of the Company's shares.

The number of shares to be subscribed according to the subscription warrants shall be adjusted in case of split or reverse split of shares. The detailed information of the first issue market value of these subscription warrants is shown in the table below:

	First issue	
BrasilAgro	**6/30/2020**	**6/30/2019**
Price of share - R$	20.96	16.60
Maturity (years)	15	15
Maturity (day/month/year)	4/27/2021	4/27/2021
Strike price at year end - R$/share	20.66	20.23
Number of existing shares	62,104,301	56,888,916
Percentage of capital shares subject to conversion (percentage of new capital) - %	20	20
Number of outstanding shares and stock purchase warrants	256,000	256,000

20. Segment information

The segment information is presented consistently with the internal report provided by the main operating decision maker that is the Executive Board, responsible for allocating resources, assessing the performance of the operating segments, and for making the Company's strategic decisions.

The segment information is based on information used by BrasilAgro management to assess the performance of the operating segments and to make decisions on the investment of funds. The Company has six segments, namely: (i) real estate, (ii) grains, (iii) sugarcane, (iv) cattle raising, (v) cotton and (vi) other. The operating assets related to these segments are located in Brazil and Paraguay. The main activity of the grains segment is the production and sale of soybean and corn.

The Sugarcane segment includes the sale of the raw product.

The Real Estate segment presents the P&L from operations carried out in the Company's subsidiaries.

(In thousands of reais, except as stated otherwise)

The cattle raising segment consists of producing and selling beef calves after weaning, which characterizes the activity as breeding and fattening of cattle.

The cotton segment is engaged primarily in the production and sale of cotton lint and seed.

The selected P&L and assets information by segment, which were measured in accordance with the same accounting practices used in the preparation of the financial statements, are as follows:

								Consolidated 6/30/2020
			Agricultural activity					Not allocated
	Total	Real estate	Grains	Cotton	Sugarcane	Cattle raising	Other	
Net revenue	487,568	14,680	233,413	13,052	192,942	32,674	807	-
Gain from sale of farm	61,420	61,420	-	-	-	-	-	-
Gain (loss) on fair value of biological assets and agricultural products (Note 9)	160,371	-	86,373	1,373	75,861	(1,298)	(1,938)	-
Reversal of provision for agricultural products after harvest	(4,153)	-	(4,153)	-	-	-	-	-
Cost of sales	(483,813)	(4,876)	(245,805)	(13,529)	(184,811)	(32,436)	(2,356)	-
Gross profit	221,393	71,224	69,828	896	83,992	(1,060)	(3,487)	-
Operating income (expenses)								
Selling expenses	(14,300)	3,731	(16,247)	(282)	(1,136)	(366)	-	-
General and administrative expenses	(43,890)	-	-	-	-	-	-	(43,890)
Other operating income	1,231	-	-	-	-	-	-	1,231
Equity pickup	(150)	-	-	-	-	-	-	(150)
Operating income (loss)	164,284	74,955	53,581	614	82,856	(1,426)	(3,487)	(42,809)
Net financial income								
Financial income	375,413	146,161	11,325	886	-	-	23,053	193,988
Financial expenses	(406,168)	(133,795)	(39,362)	(3,651)	(4,828)	(1,532)	(43,175)	(179,825)
Net income (loss) before taxes	133,529	87,321	25,544	(2,151)	78,028	(2,958)	(23,609)	(28,646)
Income and social contribution taxes	(13,975)	(6,722)	(8,685)	731	(26,530)	1,006	8,027	18,198
Net income (loss) for the year	**119,554**	**80,599**	**16,859**	**(1,420)**	**51,498**	**(1,952)**	**(15,582)**	**(10,448)**
Total assets	2,044,368	1,171,762	226,733	17,224	161,706	35,905	26,678	404,360
Total liabilities	922,799	161,609	220,751	-	73,290	-	-	467,149

								Consolidated 6/30/2019
			Agricultural activity					
	Total	Real estate	Grains	Cotton	Sugarcane	Cattle raising	Other	Not allocated
Net revenue	357,910	8,520	171,735	-	160,476	16,795	384	-
Gain from sale of farm	142,812	142,812	-	-	-	-	-	-
Gain (loss) on fair value of biological assets and agricultural products (Note 9)	56,718	-	18,714	2,619	34,511	1,526	(652)	-
Reversal of provision for agricultural products after harvest	(2,040)	-	(2,040)	-	-	-	-	-
Cost of sales	(319,214)	(1,788)	(156,656)	-	(142,303)	(17,118)	(1,349)	-
Gross profit	236,186	149,544	31,753	2,619	52,684	1,203	(1,617)	-
Operating income (expenses)								
Selling expenses	(10,536)	(35)	(10,885)	-	-	(201)	585	-
General and administrative expenses	(38,812)	-	-	-	-	-	-	(38,812)
Other operating income	(1,064)	-	-	-	-	-	-	(1,064)
Equity pickup	1,102	-	-	-	-	-	-	1,102
Operating income (loss)	186,876	149,509	20,868	2,619	52,684	1,002	(1,032)	(38,774)
Net financial income								
Financial income	310,538	93,460	13,699	-	79,232	-	11,549	112,598
Financial expenses	(297,616)	(116,502)	(9,566)	-	(44,948)	-	-	(126,600)
Net income (loss) before taxes	199,798	126,467	25,001	2,619	86,968	1,002	10,517	(52,776)
Income and social contribution taxes	(22,719)	(7,724)	(8,500)	-	(29,569)	(341)	(3,576)	26,991
Net income (loss) for the year	**177,079**	**118,743**	**16,501**	**2,619**	**57,399**	**661**	**6,941**	**(25,785)**
Total assets	1,357,614	777,664	156,420	12,955	157,920	39,135	26,733	186,787
Total liabilities	477,081	-	85,486	-	43,482	-	-	348,113

The balance sheet accounts are represented by “Accounts receivable and sundry credits”, “Biological assets”, “Inventories of agricultural products” and “Investment properties”.

(In thousands of reais, except as stated otherwise)

a) Information on concentration of clients

In the year ended June 30, 2020, the Company has four clients individually representing 10% or more of consolidated revenues, representing 60% of the total sales of the Company. Of these four clients, two account for 100% of the revenues from the sugarcane segment and two account for 42% of the revenues from the grains segment. There are no clients in other segments that represent 10% or more of revenue of total sales.

b) Consolidated geographic information

Revenues and non-current assets, excluding financial instruments, income tax and social contribution, deferred assets, post-employment benefits and rights arising from insurance contracts of the Consolidated, are distributed as follows:

	In Brazil		Subsidiaries abroad	
	6/30/2020	6/30/2019	6/30/2020	6/30/2019
Net income	467,658	329,071	22,570	28,839
	In Brazil		**Subsidiaries abroad**	
	6/30/2020	**6/30/2019**	**6/30/2020**	**6/30/2019**
Non-current assets	853,957	516,768	275,957	188,785

21. Revenues

a) Operating sales

	Company		Consolidated	
	6/30/2020	6/30/2019	6/30/2020	6/30/2019
Sales of grains	186,988	109,491	237,904	175,000
Sales of cotton	13,104	-	13,104	-
Sales of sugarcane	82,764	74,661	192,943	163,114
Revenue from cattle raising	7,960	3,383	33,609	16,974
Revenue from leases	4,642	3,061	18,127	9,598
Other revenues	575	328	1,658	1,086
Gross operating revenue	296,033	190,924	497,345	365,772
Sales deductions				
Taxes on sales	(4,462)	(3,843)	(9,777)	(7,862)
Net revenue	291,571	187,081	487,568	357,910

b) Sale of farms

	Consolidated	
	6/30/2020	6/30/2019
Sale of farm	83,179	238,414
Adjustment to present value	(11,687)	(61,192)
Gross revenue from sale of farm	71,492	177,222
Sales taxes	(2,610)	(6,469)
Residual cost of sale of farm	(7,462)	(27,941)
Gain from sale of farm	**61,420**	**142,812**
Selling expenses	-	(35)
Income tax and social contribution	(2,201)	(5,459)
Net profit from sale of farm	**59,219**	**137,318**

(In thousands of reais, except as stated otherwise)

22. Expenses by nature

	Company				Consolidated			
	Cost of products sold	Selling expenses	General and administrative expenses	Total	Cost of products sold	Selling expenses	General and administrative expenses	Total
Depreciation and amortization	40,029	-	1,083	41,112	58,737	-	1,512	60,249
Personnel expenses	15,293	2,107	26,746	44,146	25,115	2,290	30,681	58,086
Expenses with service providers	70,792	-	3,821	74,613	143,808	-	5,593	149,401
Leases and rentals	20,370	-	188	20,558	13,462	-	175	13,637
Cost of raw material	80,451	-	-	80,451	134,972	-	-	134,972
Fair value of cost of agricultural products	51,704	-	-	51,704	96,689	-	-	96,689
Freight and storage	-	11,988	-	11,988	-	14,450	-	14,450
Allowance for doubtful accounts	-	279	-	279	-	(2,440)	-	(2,440)
Maintenance, travel expenses and others	5,566	-	4,284	9,850	11,030	-	5,929	16,959
At June 30, 2020	**284,205**	**14,374**	**36,122**	**334,701**	**483,813**	**14,300**	**43,890**	**542,003**
Depreciation and amortization	13,381	-	557	13,938	22,494	-	584	23,078
Personnel expenses	9,557	1,241	25,536	36,334	18,660	1,423	28,679	48,762
Expenses with service providers	50,754	-	3,142	53,896	108,147	-	3,449	111,596
Leases and rentals	27,465	-	576	28,041	20,512	-	803	21,315
Cost of raw material	38,541	-	-	38,541	98,561	-	-	98,561
Fair value of cost of agricultural products	25,677	-	-	25,677	39,163	-	-	39,163
Freight and storage	-	5,885	-	5,885	-	9,608	-	9,608
Allowance for doubtful accounts	-	(654)	-	(654)	-	(530)	-	(530)
Sale of farm	-	-	-	-	-	35	-	35
Maintenance, travel expenses and other	5,162	-	4,000	9,162	11,677	-	5,297	16,974
At June 30, 2019	**170,537**	**6,472**	**33,811**	**210,820**	**319,214**	**10,536**	**38,812**	**368,562**

23. Management compensation and share-based compensation

The expenses with Management compensation were recorded under "General and administrative expenses", as follows:

	Consolidated	
	6/30/2020	6/30/2019
Board of directors and executive board compensation	3,789	2,869
Bonus	7,093	8,315
Overall compensation	10,882	11,184
Share grants	1,117	741
	11,999	**11,925**

The global compensation of the Company's officers and members of the Board of Directors, for the year ended June 30, 2020 in the amount of R$13,500, was approved at the Annual General Meeting held on October 16, 2019.

a) Share-based compensation

On October 2, 2017, the Shareholders Meeting approved the creation of the Long-term Share-based Incentive Plan ("ILPA Plan"). Under the terms of the ILPA Plan, participants will be entitled to receive a certain number of shares if they remain in the Company for a vesting period and achieve certain key performance indicators ("KPIs"). The ILPA Plan establishes that the Board of Directors will have broad powers to implement the ILPA Plan and take all measures necessary for it. The shares to be granted under the ILPA Plan may not exceed, at any time, the maximum and cumulative limit of 2% of the shares issued by the Company.

(In thousands of reais, except as stated otherwise)

The first grant of incentives was approved by the Board of Directors on June 18, 2018, when the 1st ILPA Program was approved and the beneficiaries, number of shares to be granted, vesting period and KPIs to be achieved were defined.

The vesting period for the 1st ILPA Program is the period between October 2, 2017 and October 2, 2019, and participants were selected from among those who were Company employees at the start of the vesting period, considering their category and compensation on that date.

Shares will be granted to participants only if they remain in the Company until the end of the vesting period and achieve certain KPIs. One of the KPIs is a certain percentage of appreciation of the price of the AGRO3 stock in the vesting period; if such percentage is not reached, participants will not have the right to receive any shares. If the KPI of stock appreciation is achieved, the number of shares to be granted will vary in three ranges, depending on the level of achievement of three other KPIs, and will be adjusted by the dividends per share distributed in the vesting period, and will increase by an amount established in case the share appreciation exceeds the floor price.

The fair value of the benefit was estimated at R$8.96.To measure the fair value of the benefit, the Company considered the price of the AGRO3 stock on the date of the grant and projected the probable range of stock price at the end of the vesting period based on the past performance of the stock price in a period of 1 year and 4 months (compatible with the period between the grant in June 2018 and the end of the vesting period in October 2018). Considering the volatility of the AGRO3 stock, the Company determined the probability of the stock price at the end of the vesting period reaching the value necessary to achieve the appreciation KPI.

To determine the number of shares and the compensation expense, in each fiscal year the Management determines the estimated number of shares to be granted based on its best judgment of the portion of each of the three KPIs that does not depend on the stock price and the dividends to be paid in the vesting period. The expense amount is adjusted on account of such revision and the effects are recognized prospectively. The estimated expense is recognized upon the grant, in June 2018 being appropriated linearly during the vesting period, between October 2, 2017 and October 2, 2019.

Once the vesting period ended, the Company conducted the settlement of the plan with the transfer of shares. In the period ended June 30, 2020, the expenses of the ILPA Plan and its charges amounted to R$3,529 (R$1,648 on June 30, 2019) and R$4,193, respectively. Accumulated expenses with the plan amounted to 6,020 (R$2,491 on June 30, 2019).

24. Other operating income (expenses), net

	Company		Consolidated	
	6/30/2020	6/30/2019	6/30/2020	6/30/2019
Gain/loss on sale of PPE	(246)	(62)	(151)	(64)
Provisions for legal claims	41	351	(601)	383
Agricultural insurance claims	-	-	6,315	-
Expenses with acquisition of Agrifirma	(2,530)	-	(2,530)	-
Warrants and restricted shares (a)	(1,053)	-	(1,053)	-
Other	(435)	(454)	(749)	(1,383)
	(4,223)	**(165)**	**1,231**	**(1,064)**

(a) In the acquisition of Agrifirma, BrasilAgro issued warrants as part of the consideration paid, which correspond to rights that entitle the selling shareholders to acquire 601,302 shares for R$0.01. The obligation was recognized as financial liabilities and continues to be measured at fair value due to compliance with certain conditions that could change the number of shares to be transferred (Note 1.4).

(In thousands of reais, except as stated otherwise)

25. Financial income (expenses)

		Company		Consolidated	
	Notes	**6/30/2020**	**6/30/2019**	**6/30/2020**	**6/30/2019**
Financial income					
Short-term investment income		2,623	3,340	5,396	5,507
Interest receivable		1,257	349	3,619	622
Foreign exchange variation (i)		12,755	14,997	14,038	17,110
Income in restatement of leases (ii)		3	309	15,246	16,843
Income in restatement of farm receivables (iii)		-	-	130,915	156,156
Realized profit from derivatives (iv)	6	50,484	55,492	50,484	55,611
Unrealized profit from derivatives (v)	6	155,715	58,468	155,715	58,689
		222,837	132,955	375,413	310,538
Financial expenses					
Short-term investment expenses		(589)	(186)	(1,456)	(294)
Bank charges		(495)	(1,126)	(706)	(1,334)
Interest payable		(15,268)	(13,899)	(25,248)	(18,171)
Foreign exchange variations (i)		(11,483)	(14,967)	(15,765)	(17,724)
Income in restatement of leases (ii)		(12,668)	(369)	(36,091)	(19,309)
Income in restatement of farm receivables (iii)		-	-	(72,535)	(142,167)
Realized loss from derivatives (iv)	6	(91,196)	(35,446)	(91,196)	(35,453)
Unrealized loss from derivatives (v)	6	(163,171)	(63,001)	(163,171)	(63,164)
		(294,870)	(128,994)	(406,168)	(297,616)
Financial income (expenses)		(72,033)	3,961	(30,755)	12,922

Net balances are as follows:

	Company		Consolidated	
	6/30/2020	**6/30/2019**	**6/30/2020**	**6/30/2019**
Foreign exchange variations (i)	1,272	30	(1,727)	(614)
Restatement of leases (ii)	(12,665)	(60)	(20,845)	(2,466)
Restatement of receivables from farm value (iii)	-	-	58,380	13,989
Income from derivatives (iv)	(40,712)	20,046	(40,712)	20,158
Unrealized income from derivatives (v)	(7,456)	(4,533)	(7,456)	(4,475)
	(59,561)	15,483	(12,360)	26,592

26. Earnings per share

	Consolidated	
	6/30/2020	**6/30/2019**
Profit attributed to controlling shareholders	119,554	177,079
Weighted average number of common shares issued	56,681	53,802
Effect from dilution – shares	420	306
Weighted average number of common shares issued adjusted by the dilution effect	57,101	54,108
Basic earnings per share	2.1092	3.2913
Diluted earnings per share	2.0937	3.2727

27. Provision for contingencies

The Company and its subsidiaries are involved in civil, labor, environmental and tax lawsuits and in administrative proceedings of labor, tax and environmental natures. The provision for probable losses arising from these lawsuits are estimated and updated by management, supported by the opinion of the Company's external legal advisors.

(In thousands of reais, except as stated otherwise)

Probable risks

	Company					Consolidated				
	Labor	Civil	Tax	Environ.	Total	Labor	Civil	Tax	Environ.	Total
At June 30, 2018	**749**		**195**	**22**	**966**	**990**	**-**	**195**	**22**	**1,207**
Additions	278	-	-	-	278	278	-	-	25	303
Monetary restatement	90	-	-	-	90	114	-	-	-	114
Reversal/payments	(504)	-	(195)	(20)	(719)	(580)	-	(195)	(25)	(800)
At June 30, 2019	**613**	**-**	**-**	**2**	**615**	**802**	**-**	**-**	**22**	**824**
Additions	29	65	-	-	94	418	65	-	378	861
Monetary restatement	58	2	-	-	60	103	2	-	-	105
Reversal/payments	(195)	-	-	-	(195)	(365)	-	-	-	(365)
Acquisition Agrifirma	-	-	-	-	-	60		-	-	60
At June 30, 2020	**505**	**67**	**-**	**2**	**574**	**1,018**	**67**	**-**	**400**	**1,485**

Possible risks

The Company and its subsidiaries are parties to legal suits of civil, labor, environmental and tax natures, and administrative tax proceedings for which no provisions were set up, since they involve risk of loss classified as possible by the Company and its external legal advisors. The contingencies are as follows:

	Company		Consolidated	
	6/30/2020	6/30/2019	6/30/2020	6/30/2019
Civil	4,696	4,450	9,532	9,190
Tax	4,408	3,966	4,511	4,062
Labor	2,564	-	3,389	825
Environmental	193	279	193	279
	11,861	8,695	17,625	14,356

Judicial deposits

	Company		Consolidated	
	6/30/2020	6/30/2019	6/30/2020	6/30/2019
Labor	159	190	378	389
Tax	1,178	1,143	1,178	1,143
Civil	150	135	150	135
(Note 7)	1,487	1,468	1,706	1,667

28. Commitments

a) Contracts of sugarcane supply between BrasilAgro and Brenco

For the year ended June 30, 2020, net sugarcane sales of BrasilAgro to Brenco came to R$82.8 million, representing 16.9% of the Company's total net revenue.

	6/30/2020		6/30/2019	
	Number (tons)	Amount	Number (tons)	Amount
Net revenue from sugarcane	840,625	82,763	761,996	73,480

The price of sugarcane ton delivered was calculated on Total Sugar Recoverable (ATR) assessed on the sales date.

(In thousands of reais, except as stated otherwise)

There is a future balance of sugarcane to be delivered, the estimated quantity and amounts of which are difficult to be established considering the scenarios of fluctuating market value and crop productivity.

b) Sugarcane agricultural partnership agreement (IV)

On February 7, 2017, the Company entered into an agricultural partnership agreement involving a property in São Raimundo das Mangabeiras, in the state of Maranhão, named Partnership IV.

The agreement deals with sugarcane supply, in which the parties aim to regulate the price and conditions of supply, as well as the obligations of each party in a cyclical system, which involves the need to supply sugarcane, in a certain delivery frequency and schedule that is consistent with buyer's receipt and production capacity.

For the year ended June 30, 2020, net sugarcane sales to Partnership IV came to R$110.2 million, representing 22.5% of the Company's total net revenue.

				Consolidated
		6/30/2020		6/30/2019
	Quantity (Tons)	Amount	Quantity (Tons)	Amount
Net sugarcane sales – Parceria IV	1,221,728	110,179	1,019,232	86,996

29. Related-party transactions

		Company		Consolidated
	6/30/2020	6/30/2019	6/30/2020	6/30/2019
Current assets				
Accounts receivable	101	24	-	-
Dividends receivable (a)	38,679	26,316	-	-
Helmit (b)	314	301	314	301
Cresud (b)	176	116	176	116
Other (d)	587	1,884	211	1,570
	39,857	28,641	701	1,987
Non-current assets				
Other (d)	1,511	-	1,511	-
	1,511	-	1,511	-
Current liabilities – trade accounts payable				
Accounts payable – Cresca (c)	-	-	1,724	1,358
Cresud (b)	814	517	814	556
Irsa (b)	-	51	-	51
Moroti	657	460	-	-
Ombu	-	273	-	273
Other	258	1	311	167
	1,729	1,302	2,849	2,405

a) Dividends receivable from its subsidiaries Jaborandi, Araucária, Cajueiro and mono, in the amounts of R$25,483, R$7,445, R$500 and R$5,251, respectively;

b) Expenses and revenue related to Due Diligence of new acquisitions and implementation of the budget and controls system and reimbursement of general expenses;

c) Acquisition of biological assets and other items related to the Palmeiras operation;

d) The amounts substantially refer to the total shares exercised under the Second and Third Programs, as detailed in Note 19.

(In thousands of reais, except as stated otherwise)

30. Non-current assets held for sale

The Company entered into a Sale Commitment of a 2,160-hectare area of the Bananal Farm ("Bananal X"), a property located in the municipality of Luís Eduardo Magalhães (Bahia), with 1,74 hectares of agricultural area and 446 hectares of legal reserve and permanent preservation area.

The parties negotiated the property for R$28,000, divided into seven installments, with an advance of R$2,000 to be paid in two installments, with the first on February 20, 2019 and the second 30 days. The advances were received and are recorded as advances from customers.

A disagreement involving the lessee of the area upon the sale impeded its recognition until this reporting date, and the asset remained registered under Non-current assets held for sale. However, during July 2020, the parties concluded the agreement, the conditions precedent were fully met and, on July 31, 2020, the ownership of the farm was transferred, consummating the sale of Bananal X.

CPC 31 – Non-Current Assets Held for Sale and Discontinued Operations – establishes that non-current assets held for sale must be measured by the lesser the book value registered to date and the fair value less selling expenses, accordingly the amount recognized on June 30, 2020 was:

	6/30/2020
Book value	28,851
Measurement at fair value	(2,994)
Fair value minus selling expenses (a)	**25,857**

(a) Measured at nominal sales value, less brokerage expenses and discounting to present value. The variation in fair value registered between January 27, 2020 (Acquisition of Agrifirma) and this reporting date was R$2,015, registered under financial result.

31. Insurance

The Company and its subsidiaries maintain (i) civil liability insurance for all employees working at the farms, (ii) insurance for machinery, (iii) life insurance for all the employees, as well as (iv) insurance for Directors and Officers (D&O) and for other Board members. The coverage amount is considered sufficient by management to cover risks, if any, over its assets and/or liabilities. The Company assessed the risk of farm buildings and facilities owned by the Group, as well as its inventories and biological assets, concluding that there is no need for other types of insurance due to low likelihood of risks.

Below is the table of the liabilities covered by insurance and the related amounts at June 30, 2020:

Insurance type	**Coverage R$**
Civil liability (D&O)	20,000
Civil, professional and general liability	10,476
Machinery	22,296
Fire/lightning/explosion/electrical damage (office)	7,072
Rural multi-risk	36,760
	96,604

32. Subsequent events

<u>Sale of Bananal X Farm</u>

The Company concluded the sale of the 2,160 hectares of the Bananal Farm, an area located in the municipality of Luís Eduardo Magalhães, state of Bahia, with 1,714 agricultural hectares. The farm was registered as Non-Current Asset Held for Sale (Note 30) due to a disagreement involving the lessee of the area upon the sale. The conditions precedent set forth in the Sale Commitment were fully met on July 31, 2020 after the receipt of R$5,500. The nominal sale value is R$28,000, of which R$7,500 already has been received by the Company.