

Farmland Investment in Uruguay

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Advantages of Investing in Farmland

- Increasing global demand for food
- Consistent long-term appreciation
- Annual cash return
- Non-volatile asset
- Store of value

Why Uruguay?

Investor-Friendly Country:

- Foreign and local investors treated equally
- No limitations to ownership by foreign buyers
- No currency exchange controls or forced conversion
- Foreign currency can be used: Dollars, Euros, etc.
- No restrictions or taxes when transferring money into, or out of the country (repatriation of capital)

Why Uruguay?

Stability and Safety:

- Latin America's safest country
- Tops rankings in political and economic stability
- Tops rankings in transparency and lack of corruption
- No social turmoil: existence of middle class and Latin America's lowest income gap
- Solid legal system with strong reputation for respect of contracts and private property

Why Farmland in Uruguay?

- A) Most suitable country
- B) Turnkey, easy investment to operate
- C) Transparent market

A) Uruguay's Suitability

- Non-degraded soil
- Even rainfall year-round
- World's largest aquifer beneath region
- Temperate climate
- Two crops per year (over long run, 1.7-1.8)
- Competitive producer
- No government intervention in the market
- Developed land rental market

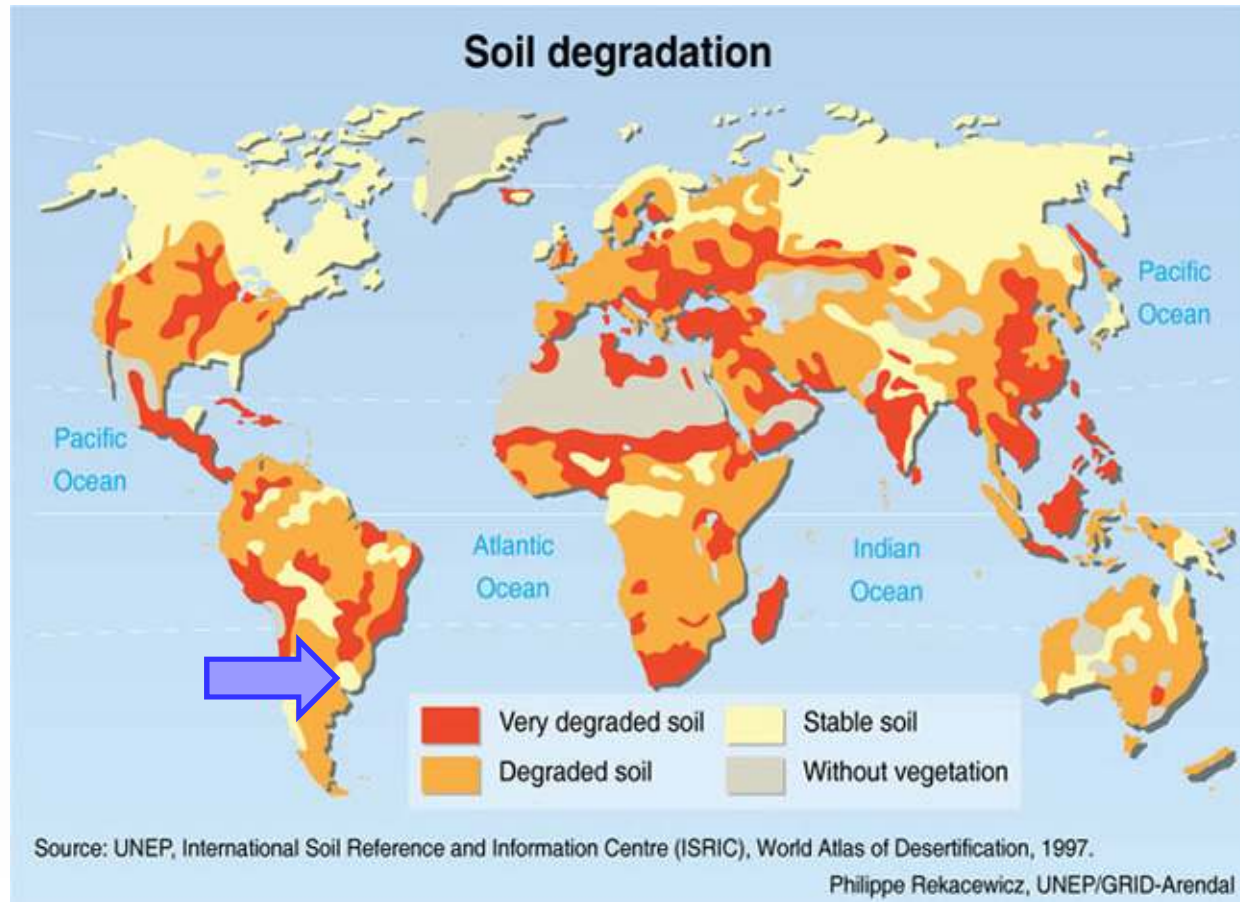
Agricultural Suitability

South America

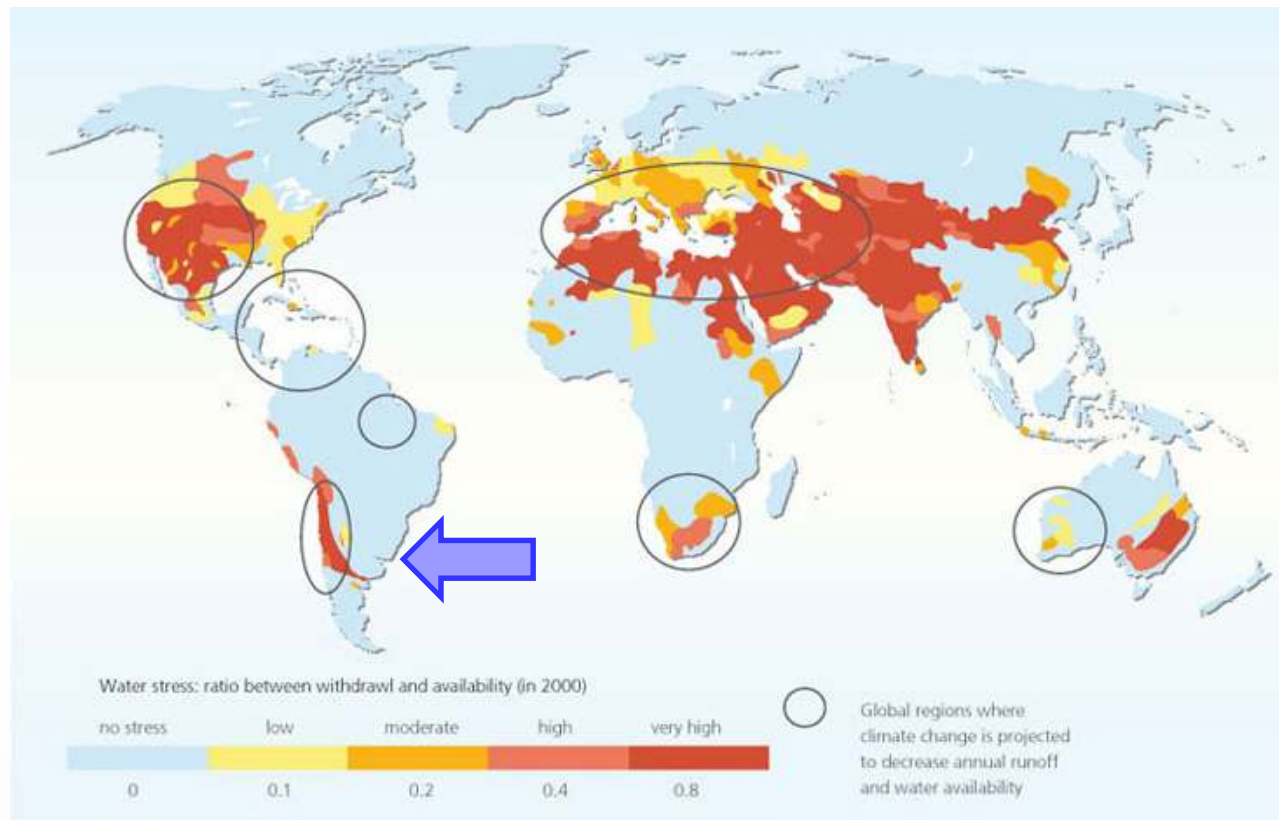


Source: Atlas of the Biosphere
Center for Sustainability and
the Global Environment
University of Wisconsin - Madison

Global soil degradation, and where Uruguay stands



Global water shortage and where Uruguay stands



Source: Intergovernmental Panel on Climate Change, 2007

B) Turnkey, Easy Investment

- The investor may farm the land directly...
- Or have a farm management company handle every aspect of the operation...
- Or lease out the land (there is a very liquid rental market for cropland)

C) Transparent Market for Land

- The country is mapped, with soil types classified according to their productivity
- Each type of soil is has a productivity index (“CONEAT” index)
- The map is available online
- Thus, land productivity is verifiable

The Online “CONEAT” System

- Type www.prenader.gub.uy/coneat
- Plug in the property number(s)
- The system will show the specific property’s:
 - location and water resources (rivers, creeks, lakes)
 - detailed soil map, with soil types in different colors, and the percentage of each soil type
 - description of each soil type
 - the productivity index of each soil type
 - the average CONEAT (productivity) index for the property

Advantages of the CONEAT System

- It allows anyone to verify the productivity potential of a property in Uruguay
- It provides a tool to determine uses for a specific farm
- The CONEAT index of a property correlates with the price of the land. The market is transparent: it is easy to compare properties and determine their fair value

Types of Farmland in Uruguay

- Agriculture (soybeans, wheat, rice, etc.)
- Cattle/sheep ranches, dairy farms
- Forestry: eucalyptus, pine
- Vineyards / olives / blueberries
- Oceanside rural land for development

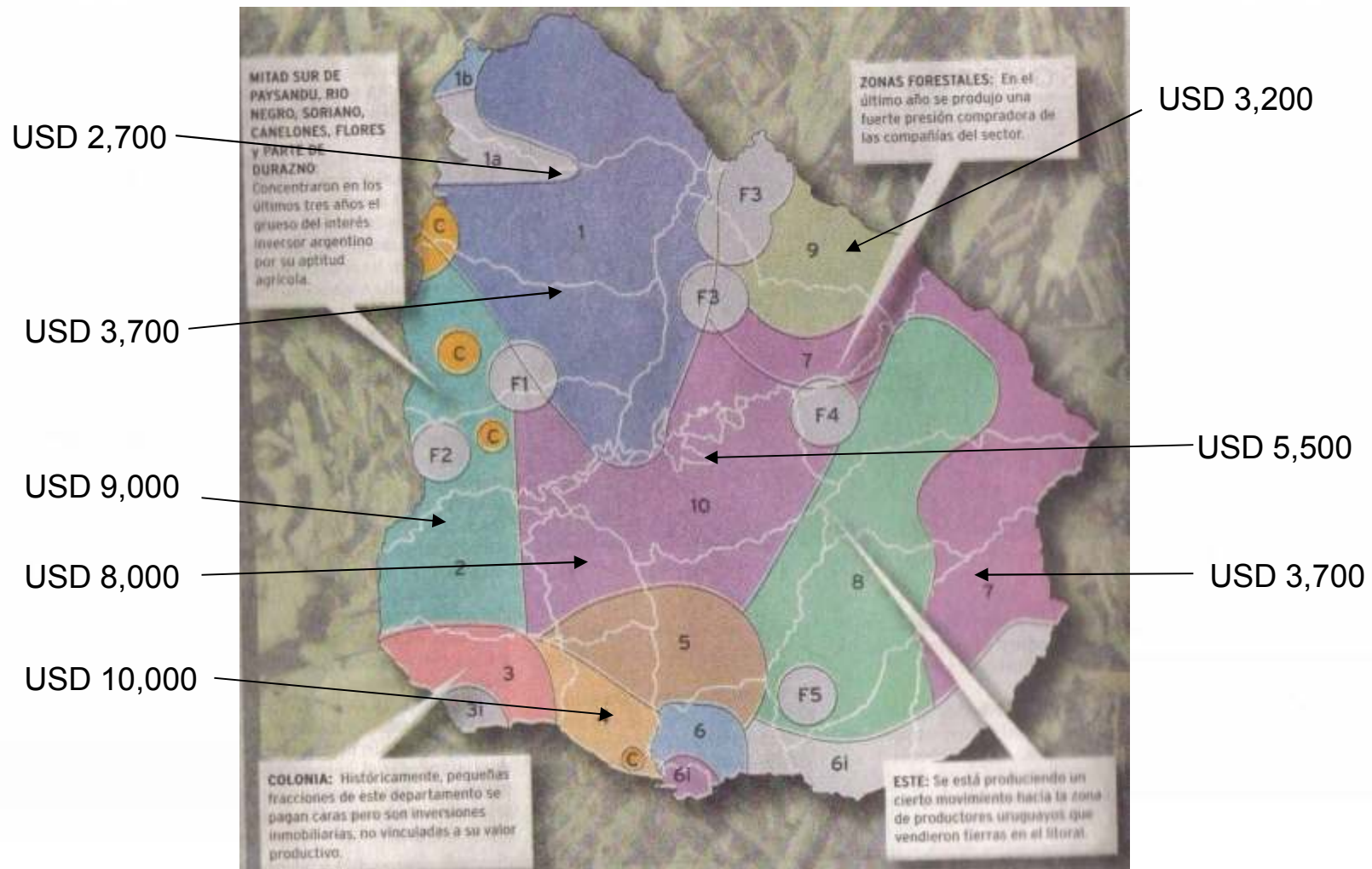




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The Cost of Land (per Hectare)



CONEAT Index and Prices

CONEAT Index	USD per Hectare
50	2,500
80	3,100
100	4,200
130	6,000
160	7,500
180	9,500

One hectare = 2.47 acres

Returns

Type of use given to the land	Profitability as a % of the price of land
Agriculture	4-9%
Cattle breeding	3-6%
Forestry	6-10%
Buy land and lease it	3-4 %

Expected returns based on historic average market returns, last five years

Quoted returns do not include the appreciation of the land

Taxes in farming

Farming has favorable tax treatment in Uruguay:

- Income tax:
 - Flat 25% income tax rate (effective rate can be 10-20% according to deductions)
 - For small farms, rate is lower: farms with income below USD 238,000 per year have a capped tax amount of USD 5,125
- No asset tax, even if held by a corporate vehicle
- Low property taxes: avg. 0.2%
- No V.A.T. or sales tax on most supplies and machinery
- No V.A.T. or sales tax on sale of farm products (except 1% municipal sales tax on sale of livestock)

Fischer & Schickendantz

- Leading Full-Service Law Firm
- Farm-investment advisory unit:
 - Sourcing farmland according to client needs/preferences
 - Structuring purchases
 - Organizing corporate structures, investor agreements
- Firm Services (covering all of Uruguay):
 - Conveyance / Legal Assistance in the Purchase Process
 - Tax and Banking Advice
 - Company Formation
 - Title Guaranty Advice

Fischer & Schickendantz

- Main office: Rincón 487, Piso 4, Montevideo, Uruguay
- References:
 - First American Corp., Stewart (title guaranty companies)
 - World Bank (www.doingbusiness.org)
 - Global law firms: Mayer, Brown, Rowe & Maw; White & Case
 - Member Transatlantic Law International (www.transatlanticlaw.com)
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