



ANDERSEN TAX
& LEGAL[®]



Farmland & Timber
Investment in
Uruguay



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Advantages of Investing in Farmland

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- 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)

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?

Advantage # 1: Uruguay's Suitability

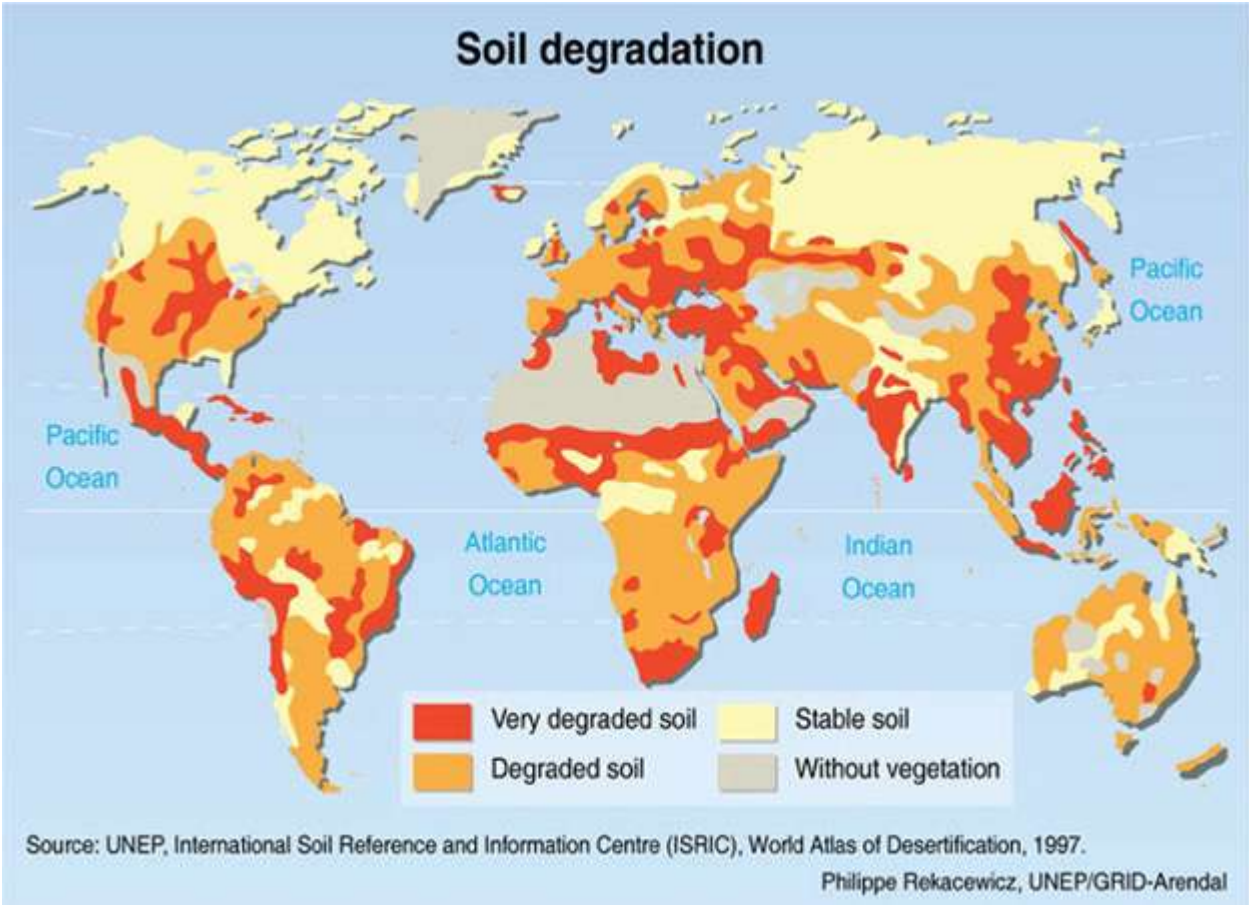
- Non-degraded soil
- Even rainfall year-round
- World's largest aquifer beneath region
- Temperate climate
- Two crops per year (over long run: 1.7)
- Competitive producer
- No government intervention in the market
- Developed land rental market

Uruguay: A Global Player

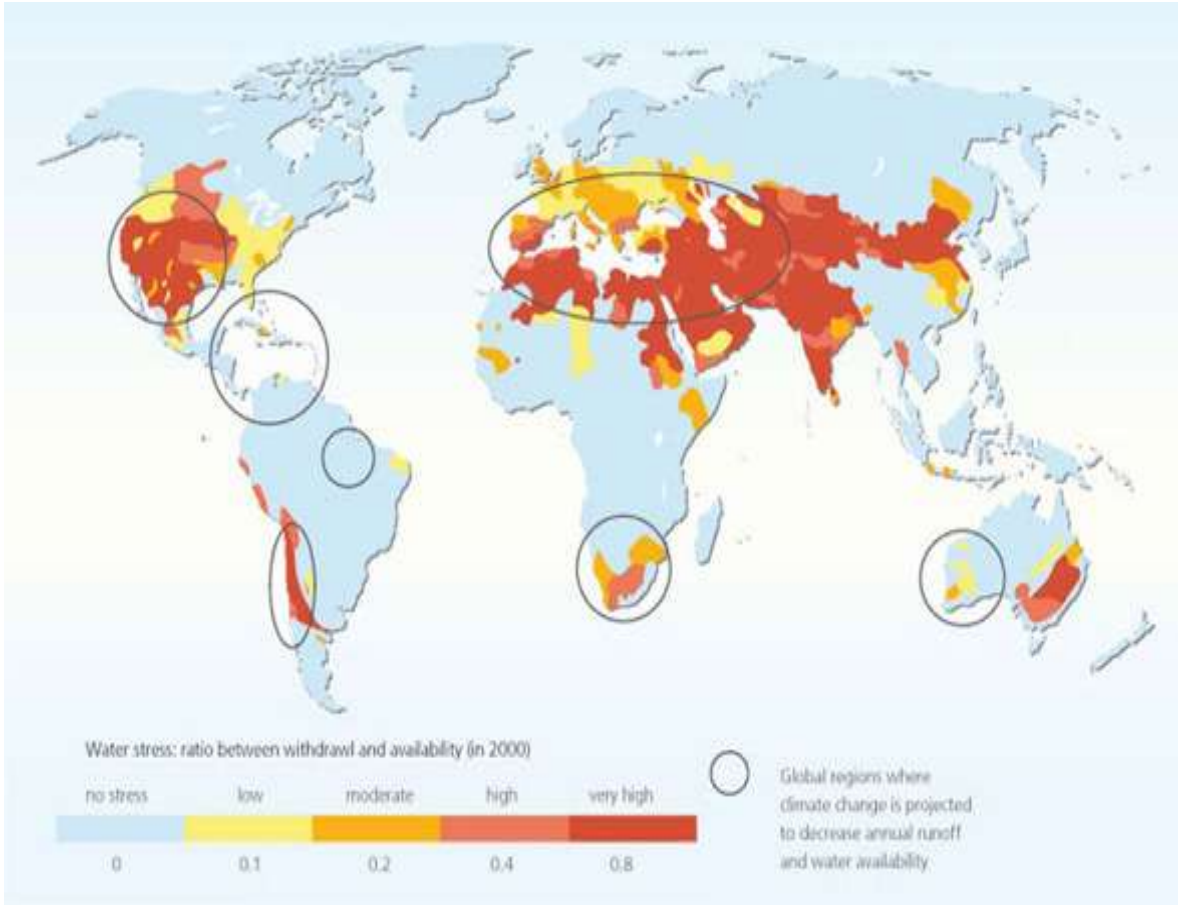
- 6th exporter of soybeans
- 5th exporter of dairy products
- 4th exporter of rice
- 5% of global beef exports ... Plus, Uruguay is the only country in the world with 100% traceability of its cattle herd

A country of 3 million feeding 40 million people

Global soil degradation, and where Uruguay stands



Global water shortage and where Uruguay stands



Advantage # 2: Turnkey, Easy Investment

Most investors choose to:

- Outsource management of the operation to a farm management firm, which handles all aspects of the business (expertise is widespread and available); or
- Lease out the land (there is a very liquid rental market available).

Advantage # 3: 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

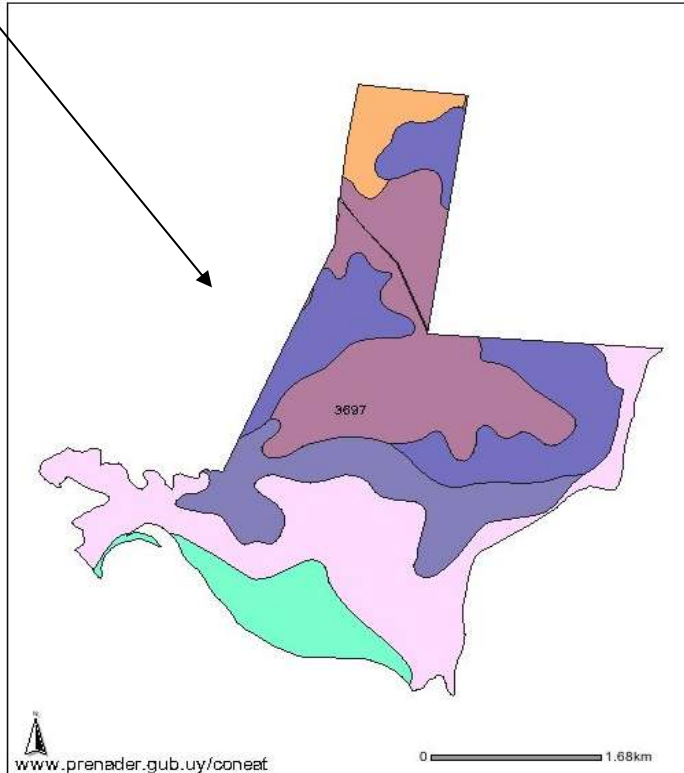
The Online “CONEAT” System

- Type <http://web.renare.gub.uy/sl/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 (“CONEAT” index)
 - the average “CONEAT” index for the whole property

The Online CONEAT System: Example

Map of the property, with different soil types

CROQUIS DE GRUPOS DE SUELOS CONEAT



Location of the property

CROQUIS DE UBICACION



Water resources

Average CONEAT index for the property

| Suelos | | |
|--------|-------|-------|
| 10.8a | 10.8b | 03.10 |
| 03.3 | 03.2 | 09.4 |

| DEPARTAMENTO | NRO. PADRON | SECC. JUDICIAL | SUP. CATASTRAL (Has.) | IND. PROD. |
|--------------|-------------|----------------|-----------------------|------------|
| San Jose | 3697 | 2 | 1143.3621 | 113 |

Property number

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 thus very transparent: it is easy to compare properties and determine their fair value

Types of Land in Uruguay

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

Uruguay's most attractive options

Agriculture: Soy, Wheat, Corn

- ▶ Global player, among leading exporters

Cattle: Angus, Hereford

- ▶ Top global quality
- ▶ 100% traceability
- ▶ 5% of world beef exports

Forestry: Eucalyptus, Pine

- ▶ World's two largest paper mills
- ▶ World's highest FSC certification









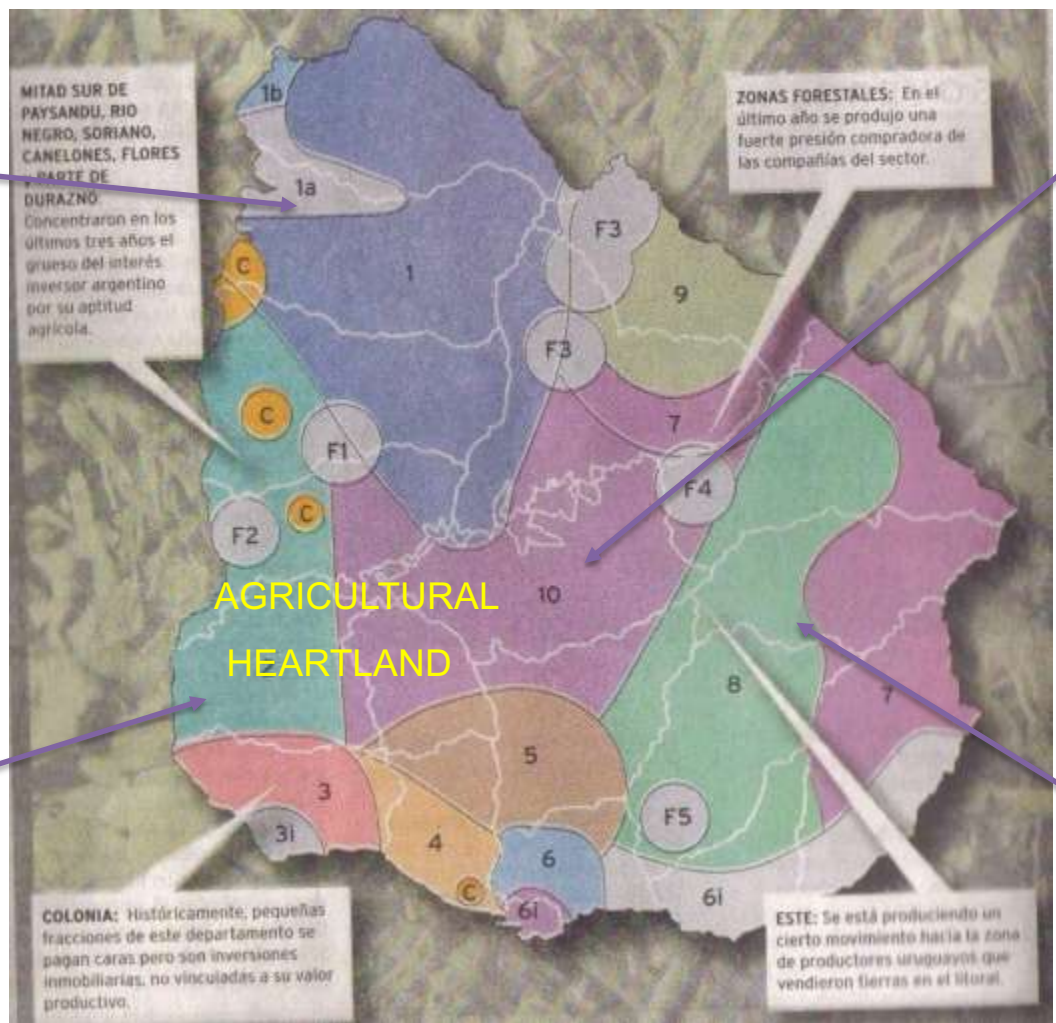
The Price of Land

USD 1,500 /hect.
(USD 607 /acre)
Coneat 50

USD 8,000/hect.
(USD 3,238/acre)
Coneat 170

USD 3,500/hect.
(USD 1,417/acre)
Coneat 100

USD 2,700/hect.
(USD 1,093/acre)
Coneat 80



MITAD SUR DE PAYSANDU, RIO NEGRO, SORIANO, CANELONES, FLORES, PARTE DE DURAZNO. Concentraron en los últimos tres años el grueso del interés inversor argentino por su aptitud agrícola.

ZONAS FORESTALES: En el último año se produjo una fuerte presión compradora de las compañías del sector.

COLONIA: Históricamente, pequeñas fracciones de este departamento se pagan caras pero son inversiones inmobiliarias, no vinculadas a su valor productivo.

ESTE: Se está produciendo un cierto movimiento hacia la zona de productores uruguayos que vendieron tierras en el litoral.



Taxes in farming

Farming has favorable tax treatment in Uruguay:

- Income tax:
 - Flat 25% income tax rate, levied on net income
 - For small farms, the rate is lower: farms with gross income below USD 238,000 per year have a capped tax amount of USD 5,125 (IMEBA system, which taxes sales –at 0 to 2%- instead of net income).
 - Certain timber operations qualify for tax breaks
- Low property taxes: average is 0.2% *

Our Services

We are a full-service Law and Tax Firm, with a specialized division assisting overseas farmland investors.

- Our Farmland investment advisory unit assists with:
 - Sourcing farmland according to client needs/preferences
 - Structuring purchases
 - Organizing corporate structures, ongoing farm management
- Our Legal and Tax Services include:
 - Conveyance / Legal Assistance in the Purchase Process
 - Tax and Accounting Support
 - International Taxation
 - Company Incorporation
 - Legal Services in general (contractual, corporate, labor).