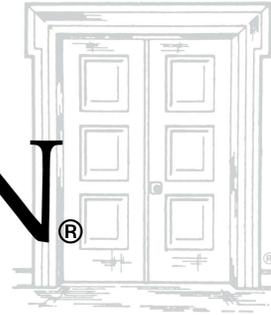


ANDERSEN®



Farmland &  
Timberland Investing  
in Uruguay



# Advantages of Investing in Farmland

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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?

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## 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)

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## 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

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## 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

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# Uruguay: A Global Player

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

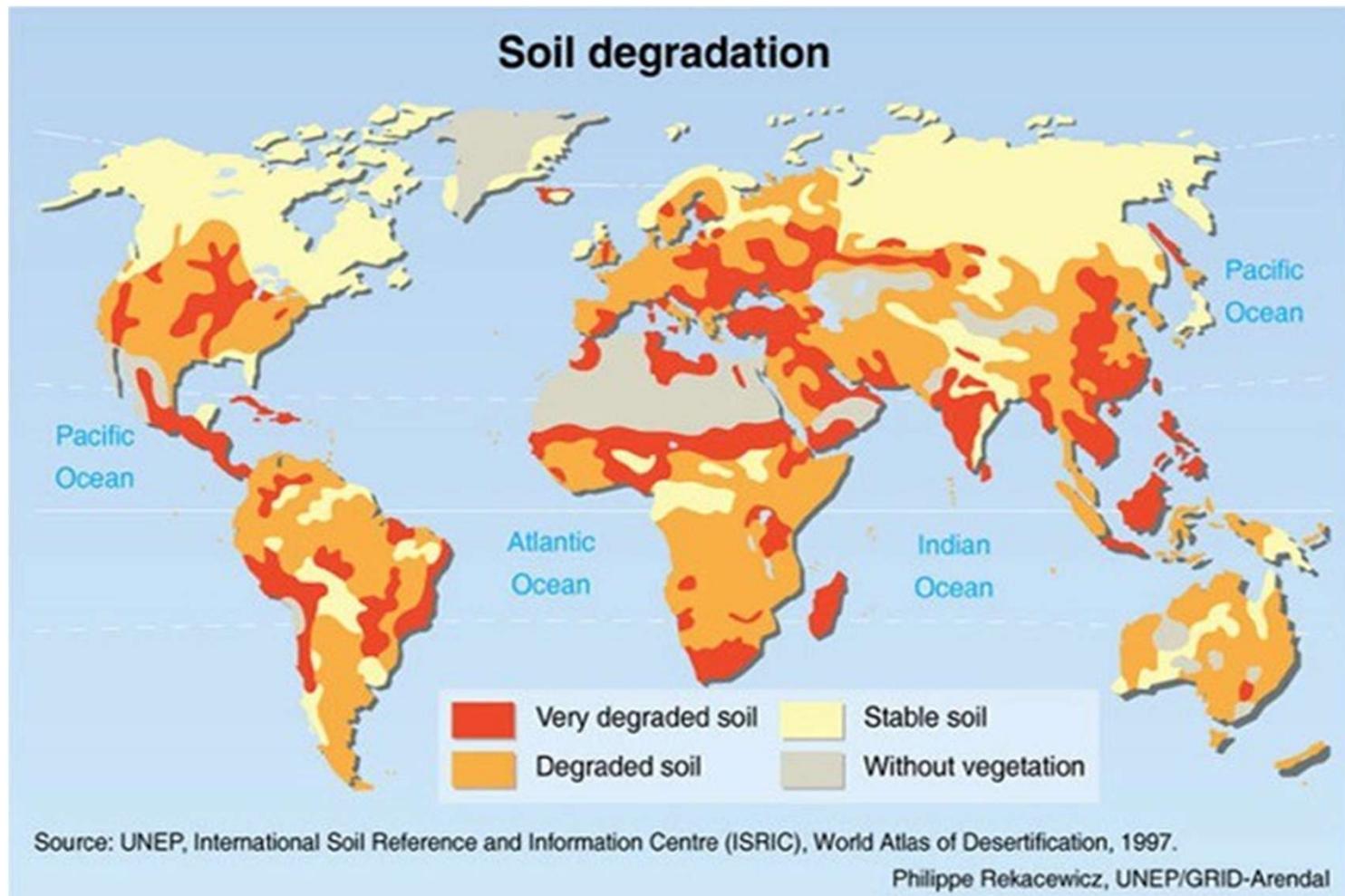
**A country of 3 million feeding 40 million people**

## Plus: One of the World's Best Places for Forestry

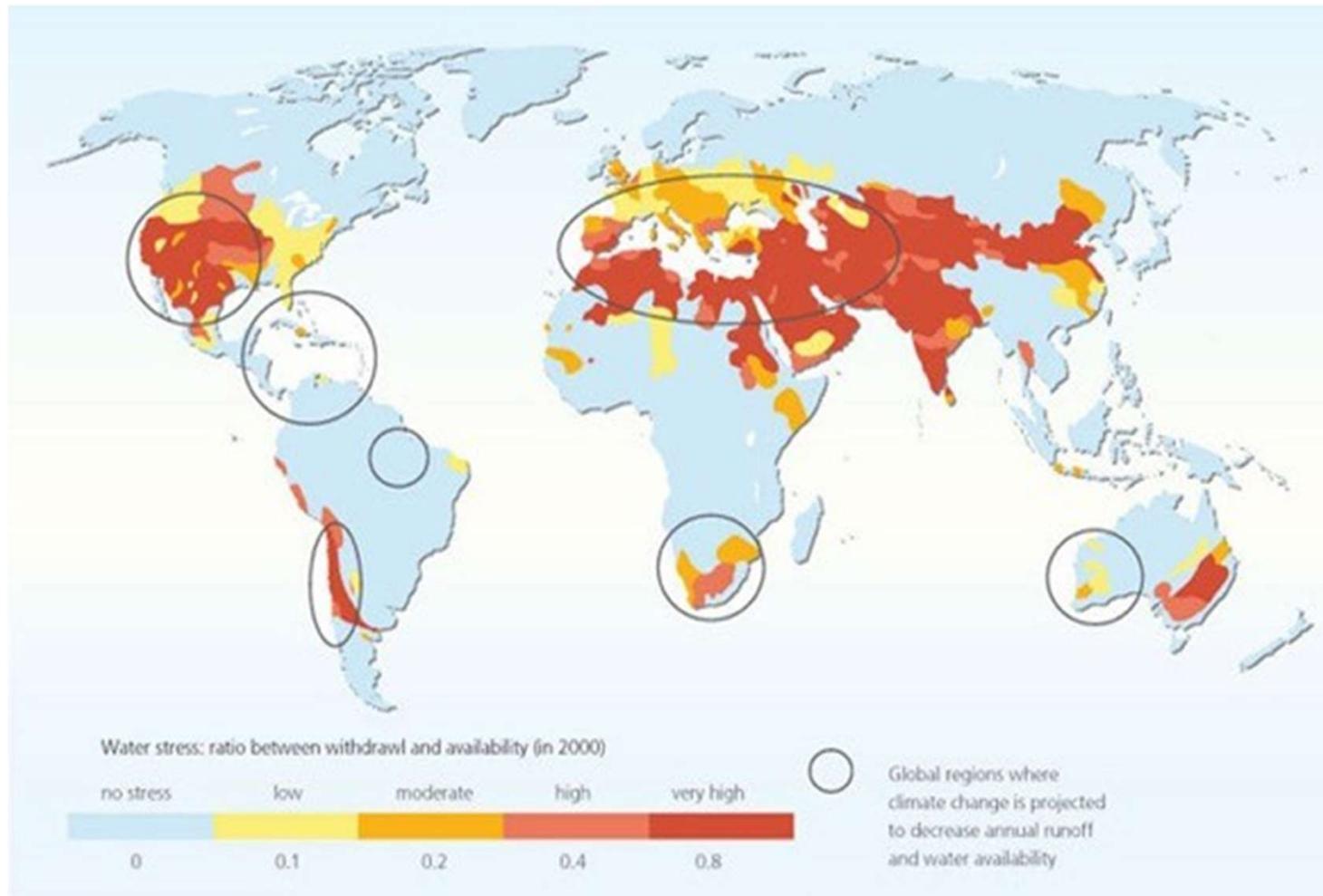
- **Fastest growth rate of eucalyptus**, due to soil, climate and water availability: 8 -10 year cycles
- World's highest FSC certification: 85% of forests
- In 2006 UPM (Finland) and in 2010 Stora Enso (Sweden) built the **world's largest and newest pulp mills**....and in 2019 UPM launched a new one:



# Global soil degradation, and where Uruguay stands



# Global water shortage and where Uruguay stands



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## 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).

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## Advantage # 3: Transparent Market for Land

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



# The Online “CONEAT” Productivity Index

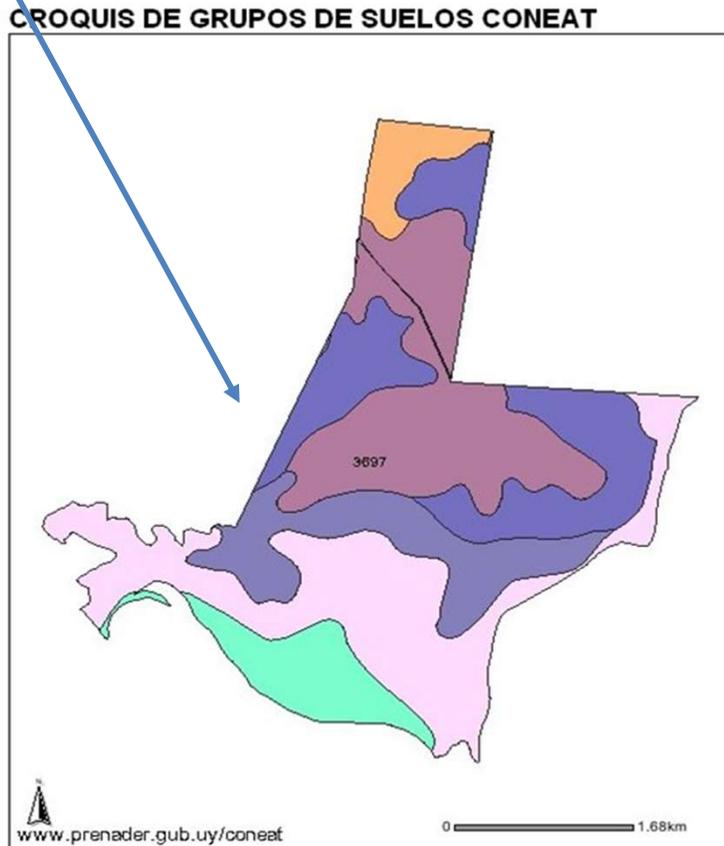
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# The Online “CONEAT” System

- 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



Location of the property

Waterresources



**Suelos**

10.8a	10.8b	03.10
03.3	03.2	09.4

Average CONEAT index for the property

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

Property number

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## 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

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## 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

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# Uruguay's Most Attractive Options

## **Agriculture: Soy, Wheat, Corn**

- ▶ Global player, among leading exporters

## **Forestry: Eucalyptus, Pine**

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

## **Cattle: Angus, Hereford**

- ▶ Top quality
- ▶ 100% Traceability
- ▶ 5% of world beef exports









# The Price of Land

LAND USE

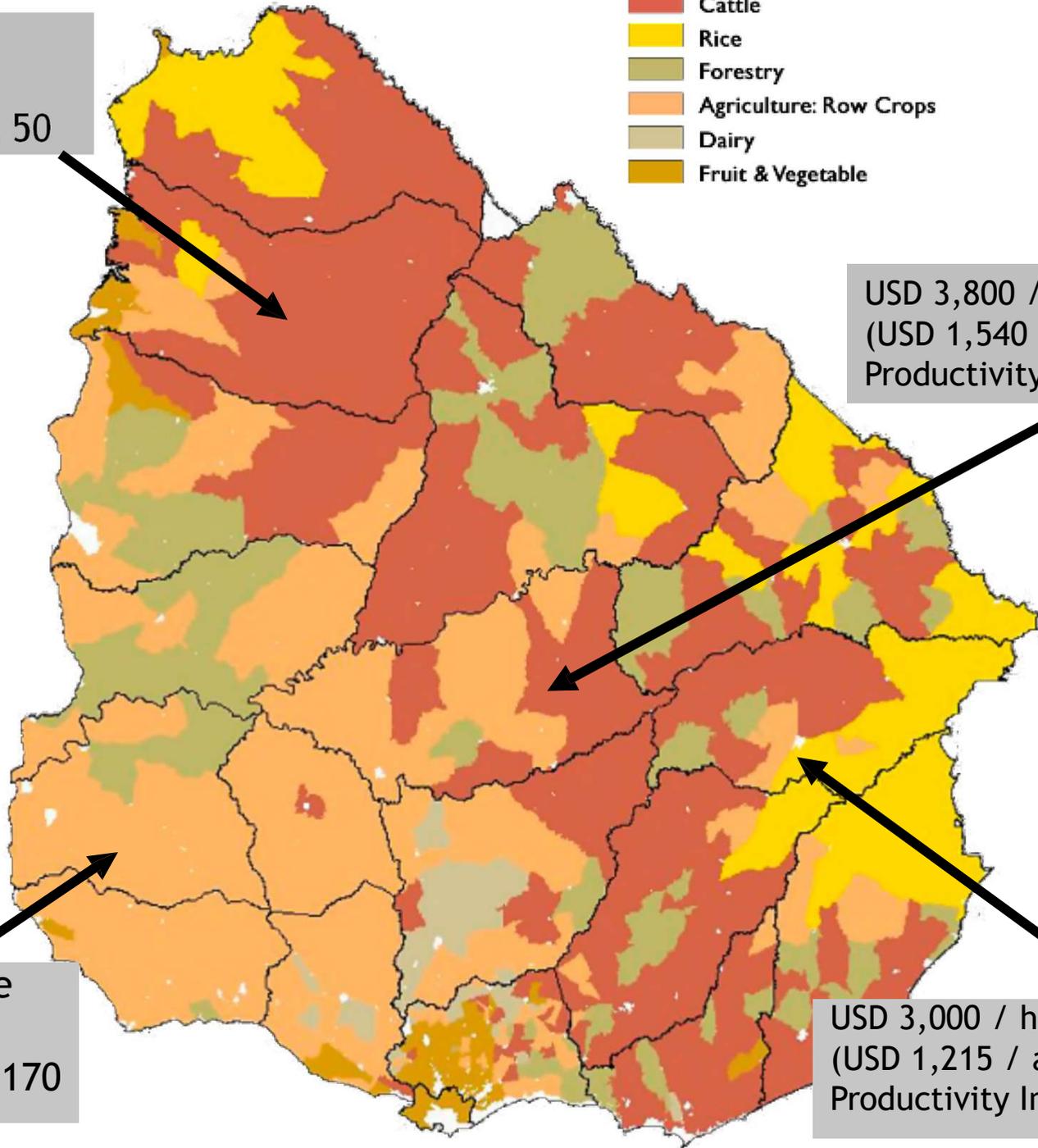
- Cattle
- Rice
- Forestry
- Agriculture: Row Crops
- Dairy
- Fruit & Vegetable

USD 2000/Hectare  
(USD 810 /acre)  
Productivity Index : 50

USD 3,800 /Hectare  
(USD 1,540 /acre)  
Productivity Index: 100

USD 9,500 / hectare  
(USD 3,840 / acre)  
Productivity Index: 170

USD 3,000 / hectare  
(USD 1,215 / acre)  
Productivity Index: 80





# Taxes in Farming

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# 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 250,000 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% \*

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# Our Services

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

- **Our Farmland investment advisory unit assists with:**
  - Sourcing farmland according to client needs/preferences
  - Structuring purchases
  - Organizing corporate structures, setting up 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)