FARMLAND IN URUGUAY

September 2010
TYPES OF LAND IN URUGUAY

- Farms (soybeans, wheat, rice, dairy farms)
- Cattle ranches
- Forestry
- Vineyards / olives / blueberries
- Oceanside ranches / rural land for development
PRODUCTIVITY ACCORDING TO TYPE OF LAND

- All of Uruguay is mapped, with soil types classified according to their productivity
- Productivity is measured by an index, known as the “CONEAT index”
- For any property, plug in the lot numbers in the CONEAT website: www.prenader.gub.uy/coneat
- The system will show:
  - a detailed map of the property
  - types of soil in different colors
  - productivity index of each type of soil
  - average CONEAT index for the property
EXAMPLE OF ONLINE CONEAT SYSTEM INFORMATION

Map of the property, with different soil types

Location of the property

CROQUIS DE GRUPOS DE SUELOS CONEAT

CROQUIS DE UBICACION

www.prenader.gub.uy/coneat

Suelos

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

<table>
<thead>
<tr>
<th>DEPARTAMENTO</th>
<th>NRO. PADRON</th>
<th>SECC. JUDICIAL</th>
<th>SUP. CATASTRAL (Has.)</th>
<th>IND. PROD.</th>
</tr>
</thead>
<tbody>
<tr>
<td>San Jose</td>
<td>3697</td>
<td>2</td>
<td>1143.3621</td>
<td>113</td>
</tr>
</tbody>
</table>

Property number
ADVANTAGES OF THE CONEAT SYSTEM

- It allows anyone to verify the productivity potential of any 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. Thus, the market is very transparent, and it is easy to compare properties and determine their fair value.
THE COST OF LAND IN URUGUAY (per hectare)

USD 2,000
USD 3,000
USD 8,500
USD 7,000
USD 10,000
USD 2,500
USD 5,200
USD 3,000
USD 10,000+ ***
## COST OF LAND: CONEAT INDEX AND PRICES

<table>
<thead>
<tr>
<th>CONEAT Index</th>
<th>USD per hectare</th>
</tr>
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<tbody>
<tr>
<td>50</td>
<td>1,800</td>
</tr>
<tr>
<td>80</td>
<td>2,200</td>
</tr>
<tr>
<td>100</td>
<td>3,300</td>
</tr>
<tr>
<td>130</td>
<td>5,000</td>
</tr>
<tr>
<td>160</td>
<td>6,500</td>
</tr>
<tr>
<td>190</td>
<td>8,500</td>
</tr>
</tbody>
</table>
# PROFITABILITY BY USE OF LAND

<table>
<thead>
<tr>
<th>Type of use given to the land</th>
<th>Profitability as a % of the price of land</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agricultural (soybeans)</td>
<td>12%+</td>
</tr>
<tr>
<td>(Assuming USD 400 profit per hectare of soybeans, and USD 150 of wheat, in 12 months,)</td>
<td></td>
</tr>
<tr>
<td>Agricultural (rice)</td>
<td>10%</td>
</tr>
<tr>
<td>(Assuming JV with planter, owner obtains 30 bags (50 kgs) at USD 7.3 each for use of soil and water, per hectare)</td>
<td></td>
</tr>
<tr>
<td>Cattle breeding A</td>
<td>7%</td>
</tr>
<tr>
<td>(Assuming per hectare: One animal per year, 140 kgs at USD 1.20/kg, net profit USD 120 per animal)</td>
<td></td>
</tr>
<tr>
<td>Cattle breeding B</td>
<td>10%</td>
</tr>
<tr>
<td>(Assuming per hectare: One animal per year, 250 kgs at USD 1.00/kg, net profit USD 210 per animal)</td>
<td></td>
</tr>
<tr>
<td>Forestry</td>
<td>13%</td>
</tr>
<tr>
<td>Buy land and lease it</td>
<td>3-4 %</td>
</tr>
</tbody>
</table>
THE EASTERN SEASHORE MARKET

- Rural land that has higher value due to proximity to Punta del Este / Rocha / Colonia areas
- Not for agricultural use. Residential use or for development
- Value: USD 10,000+ upwards per hectare
- Opportunities to subdivide into lots and sell by sq. meter
THE EASTERN SEASHORE MARKET
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 205,000 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% or less

- 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: Who We Are

- Leading Full-Service Law Firm:
  - Clients: mostly foreign companies and individuals

- Staff:
  - Bilingual
  - Attorneys, Tax Advisors; Notaries Public

- Services (covering all of Uruguay):
  - Notary / Legal Assistance in the Purchase Process
  - Tax and Banking Advice
  - Company Formation
  - Title Insurance Advice
  - Immigration / Residency
Fischer & Schickendantz: Who We Are

- Main office: Rincón 487, Piso 4, Montevideo, Uruguay
- References:
  - First American Corp. (world’s largest title insurance company)
  - 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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www.fs.com.uy
www.uruguayinvest.com

Detailed presentations on:
Legal Landmarks and Taxes
The Property Purchase Process
Residency and Immigration

Or write to:
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