



10th of May 2018  
Monthly Progress Report – April

## April Progress Report on SF Lapacho S.A.

**Summary:** SF Lapacho S.A. is now 100% subscribed and closed to further investments. We are studying the opportunity of opening a new investment project under the same framework, for more information please contact the *Southern Farmlands* team.

There have not been any considerable rains in the month of April, but pastures continue to look very well from the good season so far. Public roads are all usable again. We have scheduled a regular preventive maintenance for the tractor, as the previous owners have likely not completed any in a while. There have not been any births or mortalities among livestock last month. We have found a fence that has not been completed as agreed upon in the purchase agreement of the property, but have already solved the dispute with the previous owners.

### Fencing and Missing “Droppers”/Posts:

At one of the internal fences in an area that is hard to reach there is a stretch of fencing in which no “droppers” (or thin wooden posts) have been installed. As to the purchase agreement of the farm it was to be handed over with all fences fully completed. We have discussed the issue with the sellers and they agreed for us to put in the missing droppers from our end and subtract labor and material costs from the payment for the farm. This seems to be a fair deal for everyone. It is highly likely that the misunderstanding is due to some contractor cutting a corner rather than a conscious attempt by the sellers.



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The missing “droppers” have already been delivered and will be installed in the coming days. In total we will install 2,200 droppers to complete the missing part.

## Cattle

The cattle are in good condition, as can be expected after this raining season and the excellent soils of this farm. We take thorough care that the scheduled vaccination program is completed, and all livestock is free of any parasites and up to date with all mandatory vaccinations.



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## **Cleaning of Cattle Pens**

When we took over the farm from previous management the cattle pens were completely filled with brush and tall bushes. It has taken some effort to clean them as first all brush gets removed and put on heaps, after which all trunks have to be removed to avoid that cattle hurt themselves, and finally the remaining heaps of brush that have not decayed get burned. We have now completed cleaning the pens for the most part, as can be seen in the pictures below.



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*Following the standardized monthly farm report...*



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**Southern Connections**

*Agro Consulting & Management*

Loma Plata, May 2018

## MONTHLY REPORT

				Month: April 2018	
Rainfall:	<u>January</u> <u>2018:</u>	<u>February</u> <u>2018:</u>	<u>March</u> <u>2018:</u>	<u>April</u> <u>2018:</u>	<u>July '17- June '18:</u> <u>(continuous)</u>
Estancia La Neruana	330 mm	190 mm	145 mm	72 mm	999 mm
Monthly steer price of FrigoChorti on the: 30 <sup>th</sup> of April 2018					
Current month (final day): exchange rate 5,508				Past month: 5,511	
Price: Grs. 17,900 / US\$ 3.25				Price: Grs. 17,800 / US\$ 3.23	
Observations:					
* Cattle (purchased-sold): We have sold 41 weaners in April of a total weight of 11,682 Kg. * The total value of the sale is USD 18,400.					
*The last rain of 67 mm was at the very end of March, entering April reporting. It as only rained an additional 5mm in April.					
Financing:		OPEX (Expense):		US\$ 5717.04	
		CAPEX:		US\$ 0.00	
		Sold Livestock/Charcoal (income)		US\$ 0.00	

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	<b>Saldo-Coop. Account</b>	<b>US\$</b>	<b>1250.60</b>
<b>CATTLE</b>	<b>Previous month total</b>	<b>475</b>	<b>head</b>
	<b>Bought</b>	<b>0</b>	<b>head</b>
	<b>Died/ recalculated</b>	<b>0</b>	<b>head</b>
	<b>Consumed</b>	<b>0</b>	<b>head</b>
	<b>Sold</b>	<b>41</b>	<b>head</b>
	<b>Born</b>	<b>0</b>	<b>head</b>
	<b>Died (calves)</b>	<b>0</b>	<b>head</b>
	<b>New total</b>	<b>434</b>	<b>head</b>
	<b>Pregnancy rate-June 2017</b>	<b>N / A</b>	
<b><u>Office work</u></b>			
<b>Spreadsheets on file and various responsibilities:</b>			
<ul style="list-style-type: none"><li>* Regular meetings with local manager to forecast and budget expenses, as well as exchange of information/data</li><li>* Meetings with buyer of the 41 head of weaners</li><li>* Prepare and deliver final liquidation as well as health certificate of employee who resigned</li><li>* Fill internal spreadsheets with correct updated farm cattle information</li><li>* Control movement of capitals, checks deposited, etc.</li><li>* Collect original receipts and send them to accounting firm in Asuncion</li><li>* Maintain and archive copy of receipts, spreadsheets and other documents</li><li>* Alert the "IPS" (social security) that a junior worker resigned due to personal reasons</li></ul>			
<b><u>Farm:</u></b>			
<b>Workers info:</b>			
<ul style="list-style-type: none"><li>* 5 cattle pens have been re-cleaned of leftover brush</li><li>* After the departure of one of the junior workers there is now only one worker constantly on the farm</li><li>* Cattle are being checked regularly</li></ul>			

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**Mechanics and Machinery:**

- \*The blade and tractor have been used to clean pens.
- \*All machinery is in working order
- \*A preventive maintenance for the tractor has been scheduled.

**Water System information:**

- \*The water level in the large main reservoir has dropped about 1.5 meters
- \*The high water tank (“tanque australiano”) is full

**Cattle report:**

- \* Calves have received the obligatory food and mouth disease vaccination
- \* There have been no births or mortalities this month
- \* Cattle are good physical shape and clear of any parasites, etc. – very good condition, rated 2
- \* The pastures are also in very good condition, rated 2

**Range for Cattle and Pasture report: (if number 5 or 6, give an explanation)**

1. **Excellent**
2. **Very good**
3. **Good**
4. **Average**
5. **Weak**
6. **Unacceptable**
7. **Not usable due to re-sowing**

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<b>Other/ Diverse:</b>
<b>Report on Projects:</b>
<p>* A quote for the regular preventive maintenance of the tractor has been received and will be carried out in May</p> <p>* The missing “droppers” will be installed in the coming month</p>



## **Foreseen Projects in the Near Future**

- Once all subscribed capital has been paid-in the farm will be fully stocked to its full carrying capacity to achieve maximum production. This should be achieved by the end of July.
  - Pending projects include the completion of the foreseen tractor maintenance, as well as the installment of the last droppers.
  - Once the project has achieved a 2-year history we will look into various opportunities to use financial leverage in the form of a commercial production loan from a local bank to grow the capital base and increase productivity and financial profitability – in accordance with current shareholders.
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Thank you for your participation and confidence!  
We are always available to discuss any questions.

Lennart Stahr

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