



9th of January 2018
Monthly Progress Report – December

December Progress Report on SF Lapacho S.A.

In the name of the entire Southern Farmlands and Southern Connections team we wish you a happy 2018 and best wishes for success!

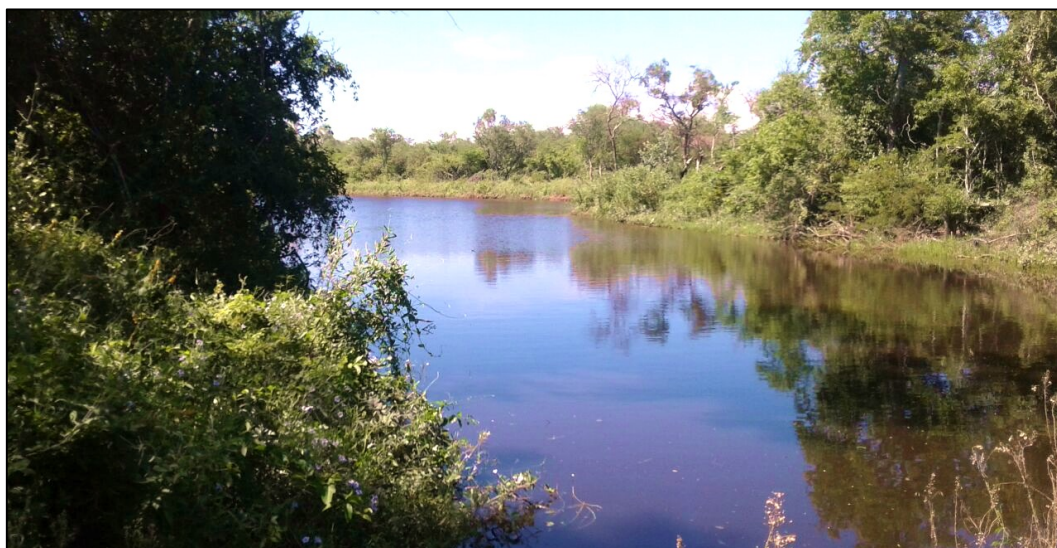
Summary: La Neruana has received over 200 mm of rain in December, and at the time of writing another 110 mm have already fallen in January. There is a noticeable change especially in the pastures which are growing quickly. One of the two junior workers will be leaving due to personal family issues. A replacement has already been selected to work under Ruben, the current foreman. 13 new calves were born and there have been no mortalities in December. An electricity meter has been installed.

Rain

Rainfall:	<u>September</u> <u>2017:</u>	<u>October</u> <u>2017:</u>	<u>November</u> <u>2017:</u>	<u>December</u> <u>2017:</u>	<u>July '17-June</u> <u>'18: (continuous)</u>
Estancia La Neruana	10 mm	19 mm	19 mm	204 mm	262 mm

Water Supply

The large reservoir is completely full, we are now relying on it as water supply for the entire farm.



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Pastures

The pastures are growing incredibly fast thanks to the heavy rain, with the entire farm being green already. As can be seen in the pictures pastures are excellent, even though re-growth of brush is becoming noticeable throughout. This is normal however for newly developed farms.



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Cattle

The bulls have been introduced to the appropriate cow herds. An additional 13 calves were born in December, with no mortalities last month.



Political Overview

Paraguay had internal political elections, the candidate that won for the ruling Colorado party is Senator Mario Abdo Benitez.

We have met with the vice-minister of livestock early December in Asuncion and he reassured us that the government is trying to expand the agricultural sector. They just reached an agreement through the European Union to fund the private sector in four lines of business, one of them being cattle and another sheep.

We firmly believe that another 4 year's of the Colorado administration will be very good for Paraguay with so much already going on and the country really moving ahead.

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Following the standardized monthly farm report...

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Loma Plata, December 2017					
<u>MONTHLY REPORT</u>					
			Month: December 2017		
Rainfall:	<u>September 2017:</u>	<u>October 2017:</u>	<u>November 2017:</u>	<u>December 2017:</u>	<u>July '17-June '18: (continuous)</u>
Estancia La Neruana	10 mm	19 mm	19 mm	204 mm	262 mm
Monthly steer price of FrigoChorti on the: 31st of December 2017					
<i>Current month (final day): exchange rate 5.594</i>				Past month: 5,690	
Price: Grs. 17,900 / US\$ 3.20				Price: Grs. 17.600 / US\$ 3.15	
Observations:					
We have ended the year on a positive note with all livestock healthy and growing, very few mortalities and charcoal production ramped up. Especially the heavy rains towards the last days of the year were a bonus.					
Financing:	OPEX (Expense):		US\$ 2,203.50		
	CAPEX:		US\$ 0.00		
	Sold Livestock (income)		US\$ 0.00		
	Saldo-Coop. Account		US\$ 422.84		
CATTLE	Previous month total		451 head		
	Bought		0 head		
	Died/ recalculated		0 head		
	Consumed		0 head		

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	Sold	0 head
	Born	13 head
	Died (calves)	0 head
	New total	464 head
	Pregnancy rate-June 2017	N / A

Office work

Spreadsheets on file and various responsibilities:

Receipts were copied and the originals have been sent to Laura Rovira the accountant with the farm staff salary lists

ANDE (electricity):

An electricity meter has been installed at La Neruana, but no invoice has been received as of yet



Farm:

Workers info:

Workers have begun cleaning the last remaining cattle pens 6A and 6C

The workers check the cattle daily or as frequently as possible to ensure health of young calves

Workers went on holiday over Christmas and new year on a rotation base, ensuring that there was always someone physically present on the farm

One of the junior workers has resigned and a replacement has already been selected

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Mechanics and Machinery:

All machinery is working well

The back-up electric generator has been repaired and is not spilling any fuel anymore

The tractor clutch had been repaired and is in working order

Water System information:

With the large reservoir being completely full, we are now again relying on it as main water source for the entire farm.

Cattle report:

Bulls have been introduced to the cow herds

The pasture looks excellent, classified number 2

The cattle look good, classified number 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**

Other/ Diverse:*** Charcoal production:**

Charcoal production has been closed, workers have left mid-December and will return in January

Report on Projects:

None

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Foreseen Activities for the Near Future

- Charcoal production will be picked up again this month
- We are evaluating to change the local project manager, more information in the next report



Thank you for your participation and confidence!
We are always available to discuss any questions.

Lennart Stahr

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