



Potential For Crop Production In Argentina 2020

Hillock Capital Management

Hillock Capital Managment provides high quality Asset Management, Execution, Consultancy and Advice in Agribusiness Sector.

Hillock manages farmland in Argentina & Uruguay. for:

Individuals

Family Offices

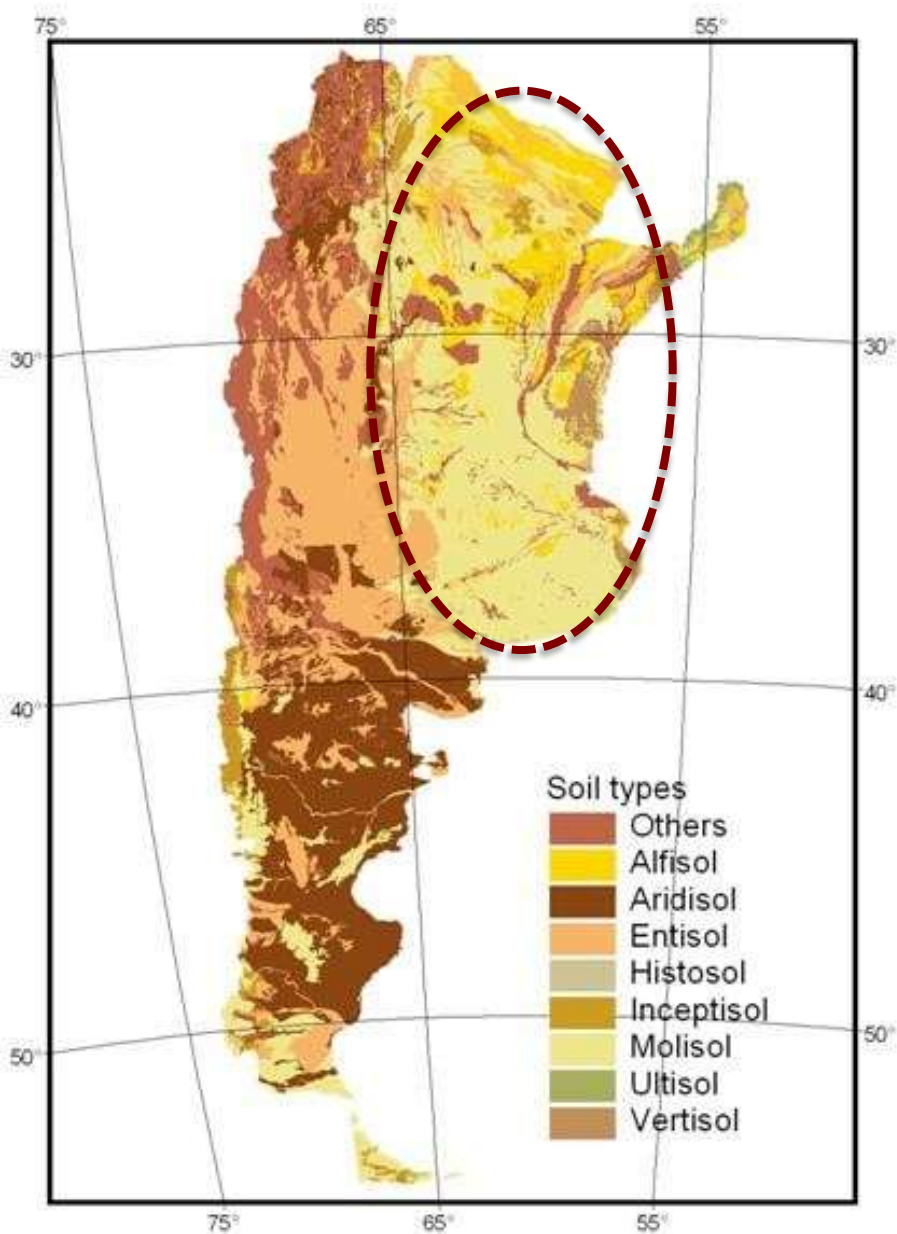
Financial institutions

In order to **OPTIMIZE** production in each property to its full potential we carefully design customized productive projects getting involved in all operations and activities such as:

- Crop production
- Cattle raising and fattening,
- Forestry.
- Irrigation



Agricultural Soils of Argentina



Main Agricultural Soils

-Molisols

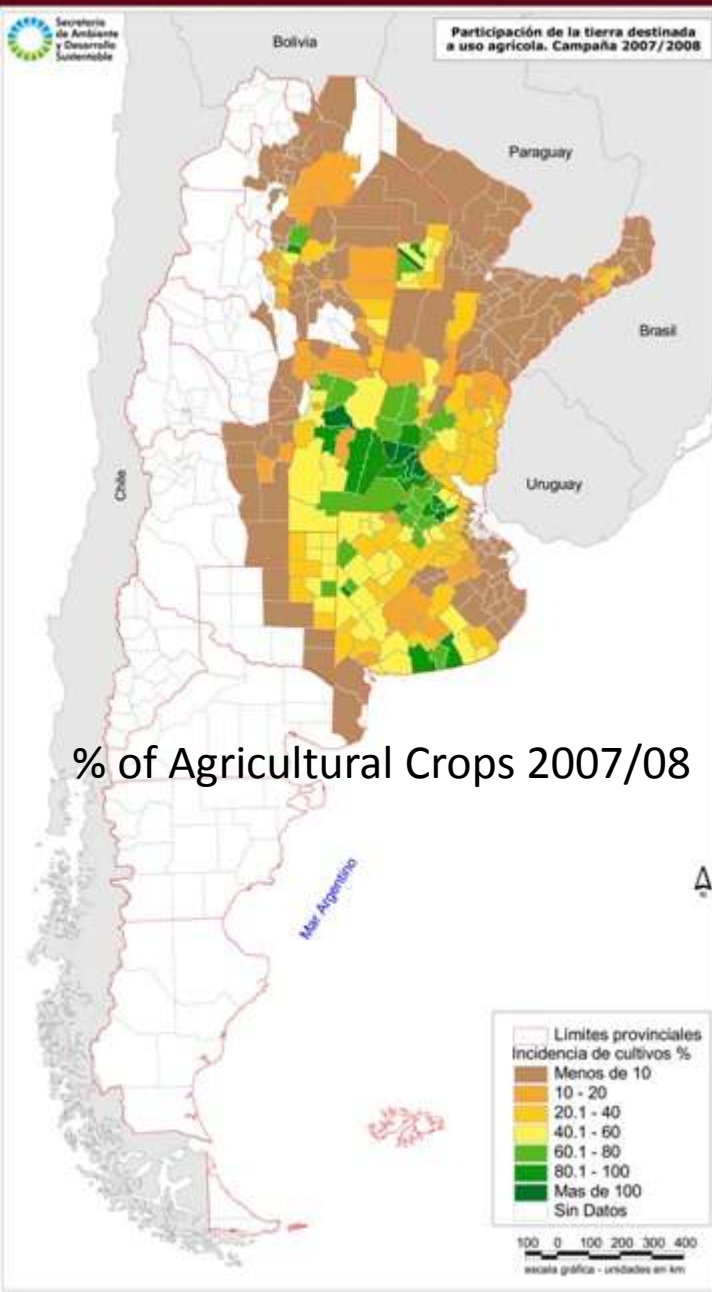
-Alfisols

-Vertisols

INTA:

Agricultural Potential
Over 60mio Has

Crop Use of Soils in Argentina



Total Planted Ever on One Crop Year:
35 mio Hectares

Total Planted Grains & Oilseeds 2010-11:
30 mio Hectares

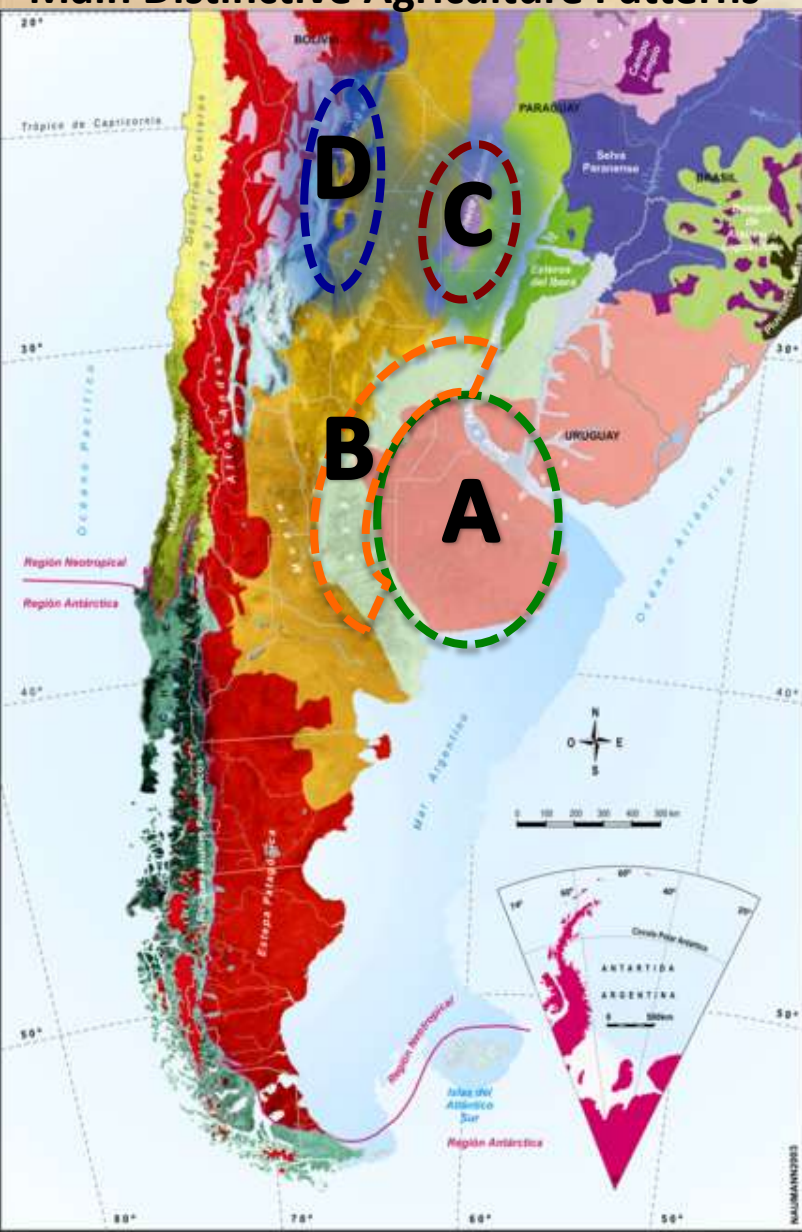
Govt Projection All G&O 2020:
42 mio Hectares

Market Projections Major G&O 2020
37 mio Hectares

Market All G&O
40 mio Hectares

Main Agricultural Regions

Main Distinctive Agriculture Patterns



A: Humid Pampas

B: Sub Humid Pampas

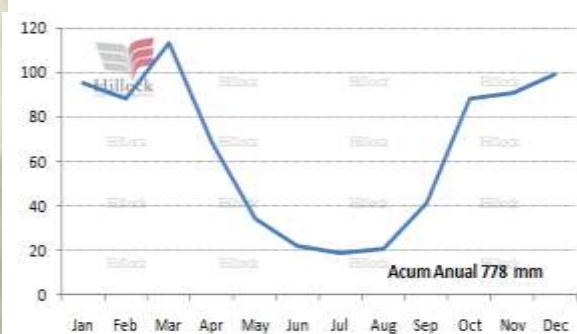
C: North East NEA

D: North West NOA

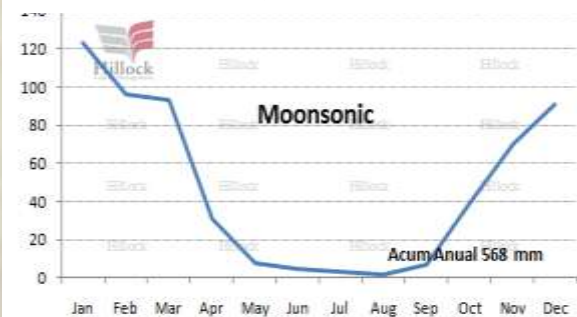
Humid Pampas Precipitations



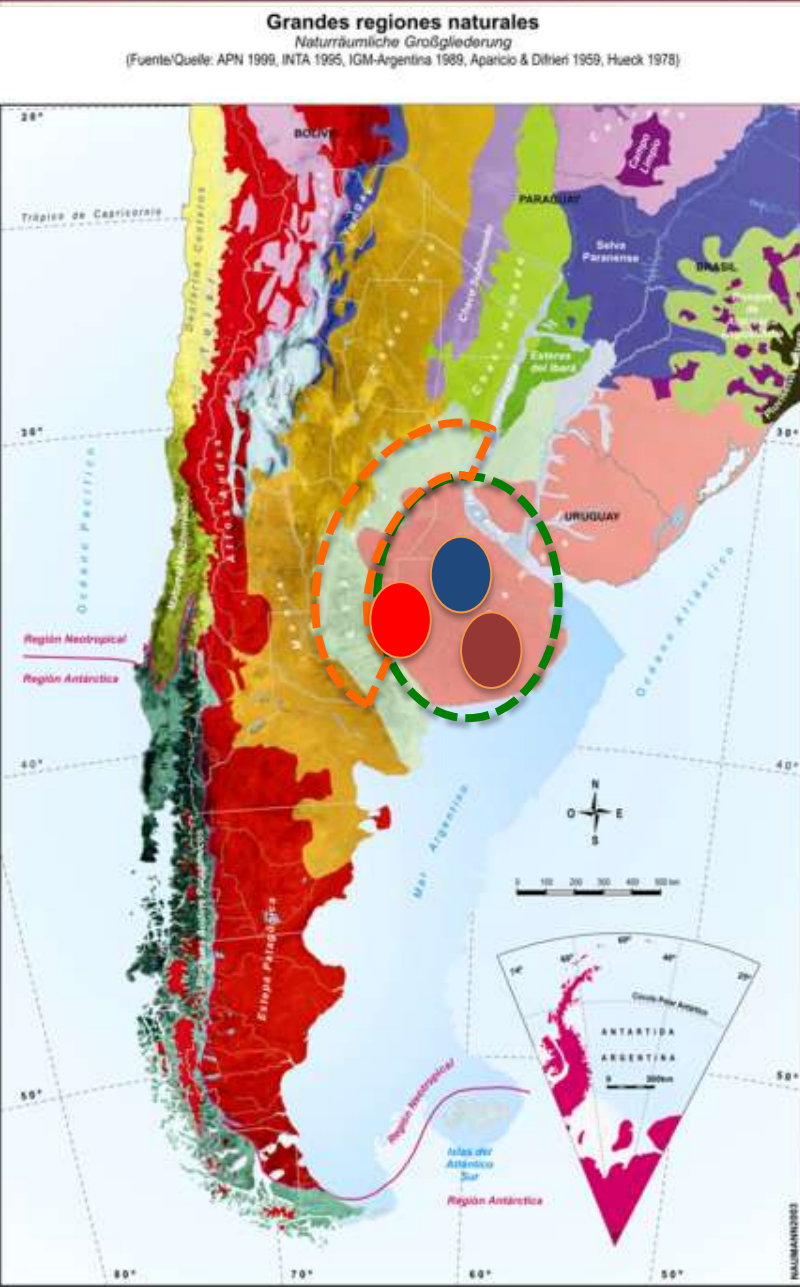
SubHumid Pampas Precipitations



NOA/NEA Precipitations



Agribenchmark Typical Farms Selected

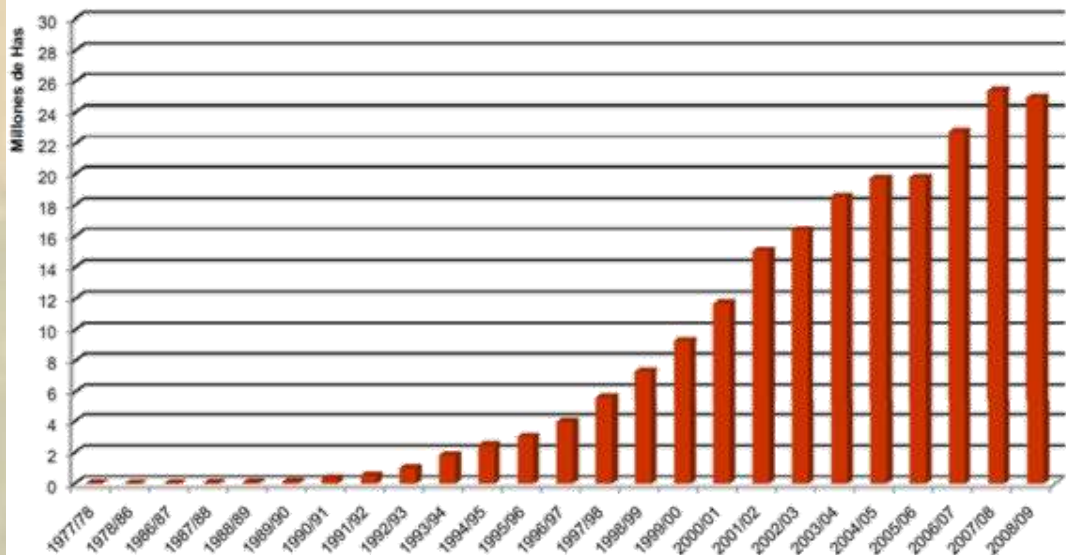


Hillock - Agribenchmark Typical Farms

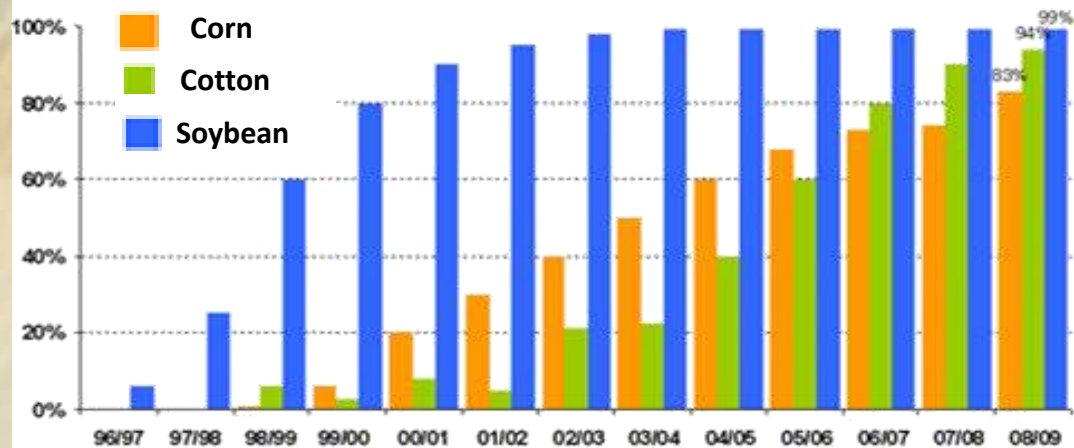
- North Buenos Aires
- South East Buenos Aires
- West Buenos Aires (Sub-Humid Pampas Influence)

Argentine Agriculture & Technology

Agricultural Area under no tillage (Mio ha)



GMO Evolution in Argentina



No Till

Today over 85%

GMO Dominance

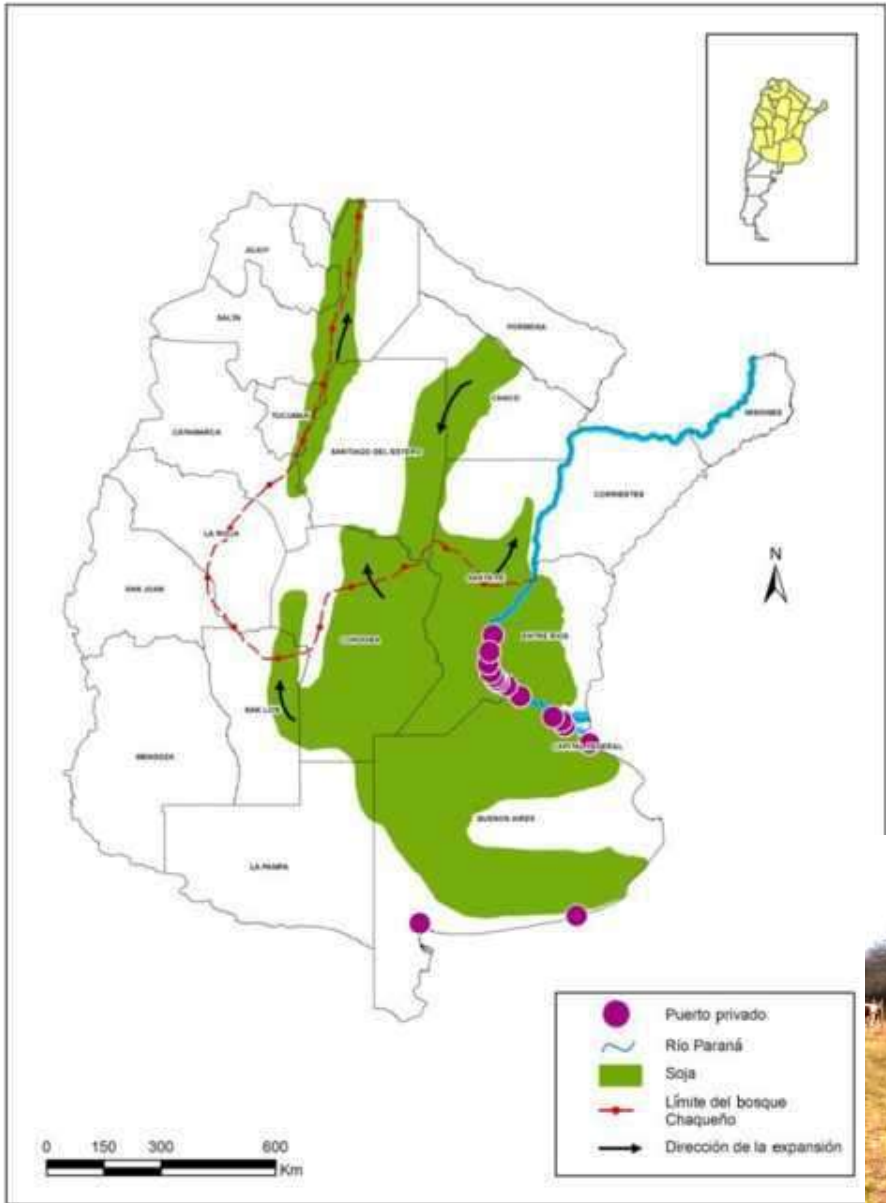
Beans & Corn

Fertilization Over 80%
Incidence

Double Cropping Widely
Implemented

Complementary Irrigation
Growing w/excellent
productivity & returns***

Expansion of Agriculture Boosted by GMO's

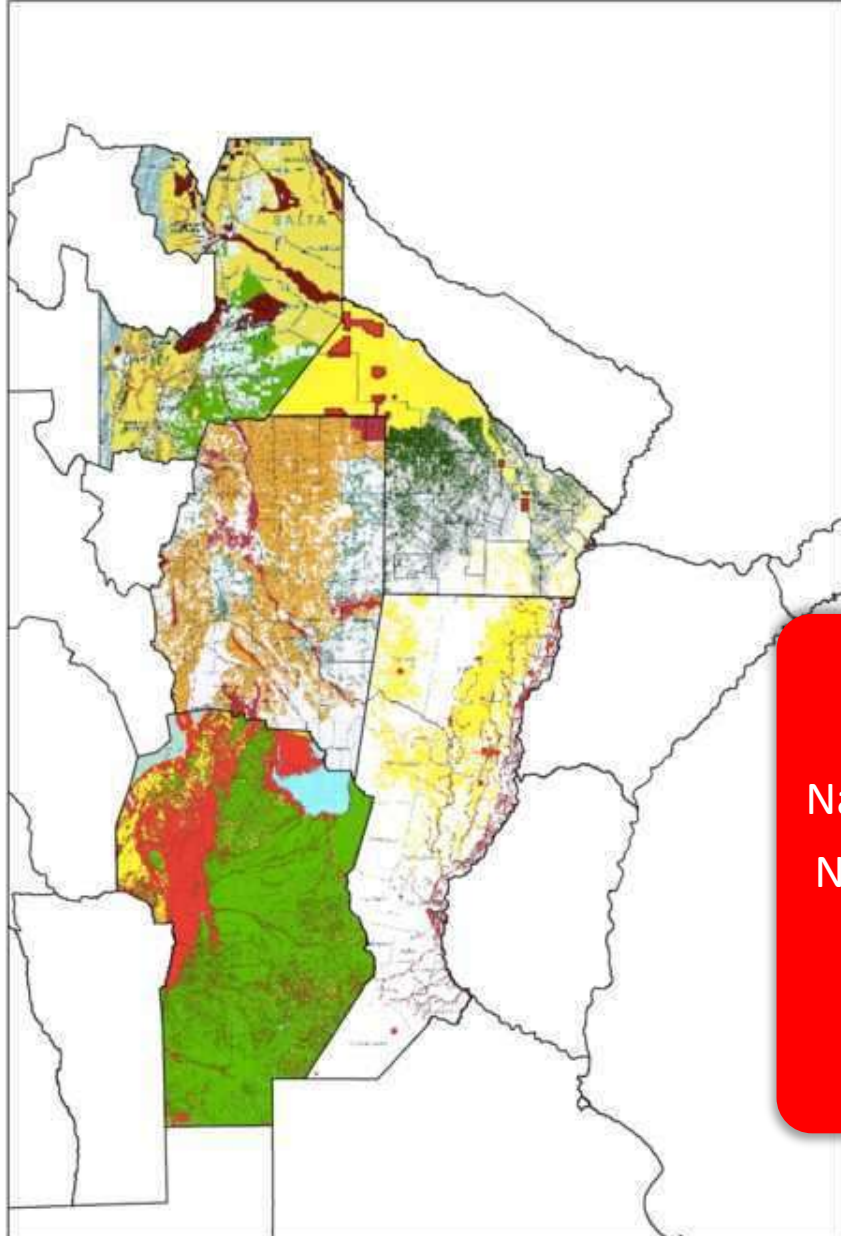


1990's and on...

Expansion of Agriculture into Native Forest Areas

Land Clearing at a 250K hectares per year pace.





Law 26.331 Nov 2007 “Native Forests Law”

Provinces: Compulsory Inventory of Native Forests
Mapping into three Categories

CAT I:

High Value
Native Forests
**NO CLEARING
ALLOWED**

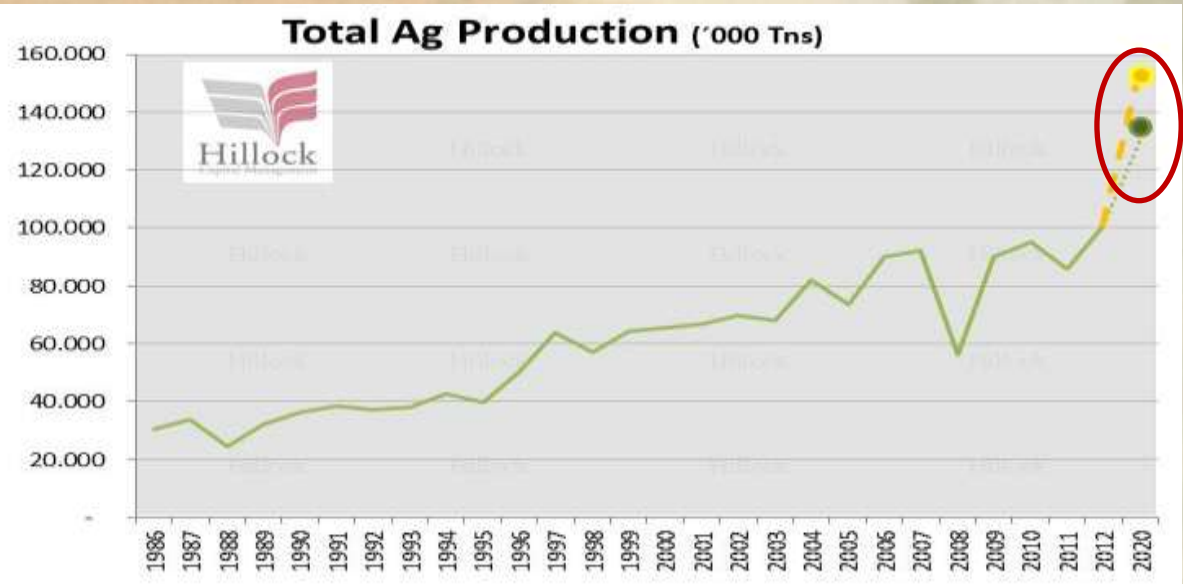
CAT II:

Mid Value
Forests
**NO CLEARING
ALLOWED**
(Some Activities
Allowed i.e.
grazing)

CAT III:

Low Value
Forests
**CLEARING
ALLOWED**

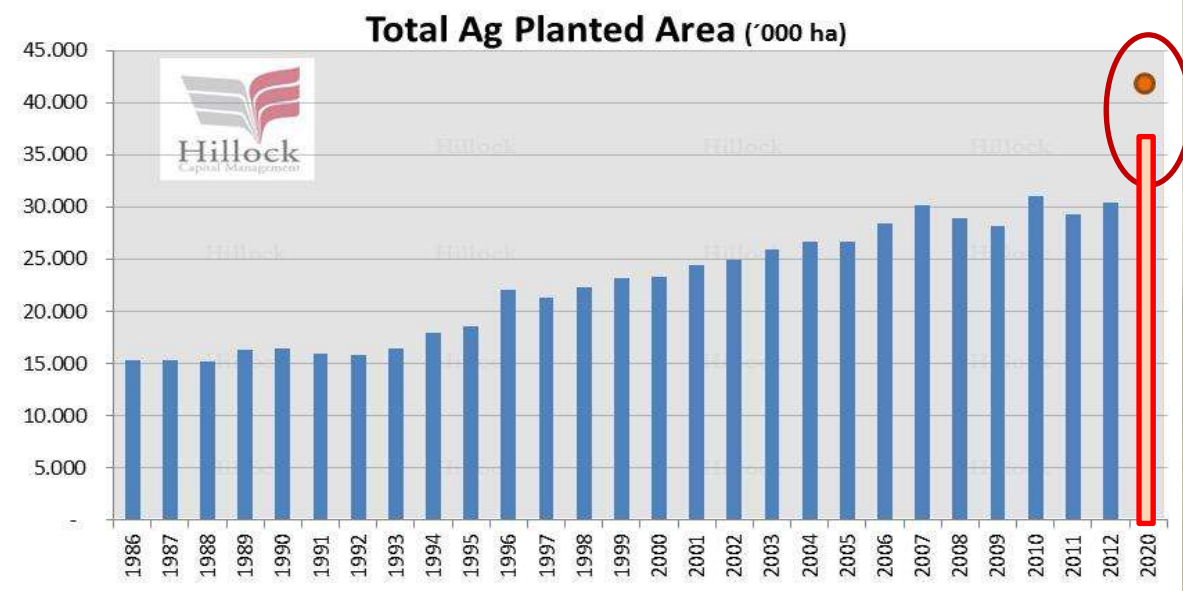
Facts and Projections Total Ag Production 2020



TODAY: 100 Mio aprox

PEA: 153 Mio

MKT: 130 Mio



TODAY: 30 Mio Aprox

PEA: 42 Mio

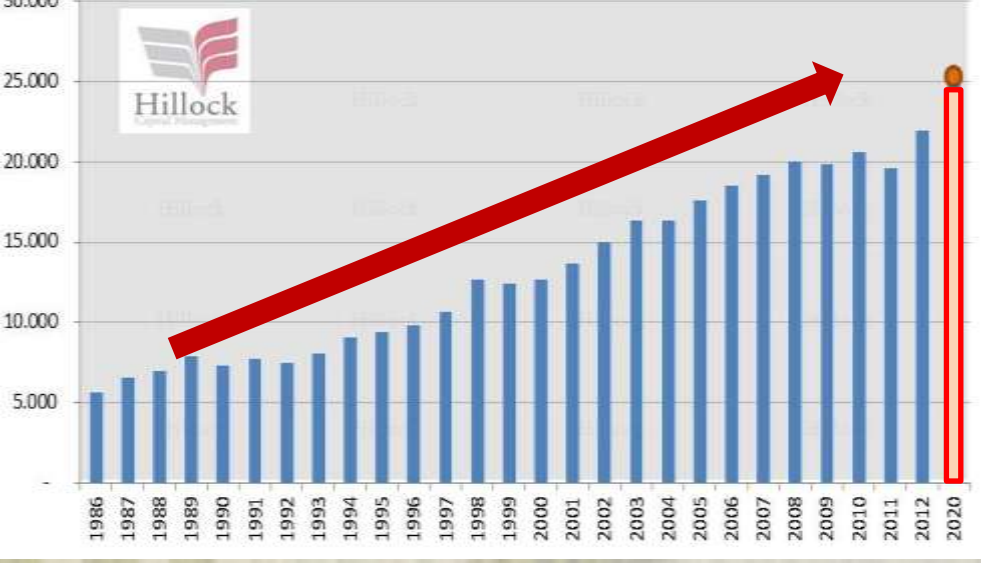
MKT: 36 Mio

G&O Facts projections & trends

Mayor Oilseed Production ('000 Tns)



Mayor Oilseeds Planted Area ('000 ha)



Mayor Grains Production ('000 Tns)



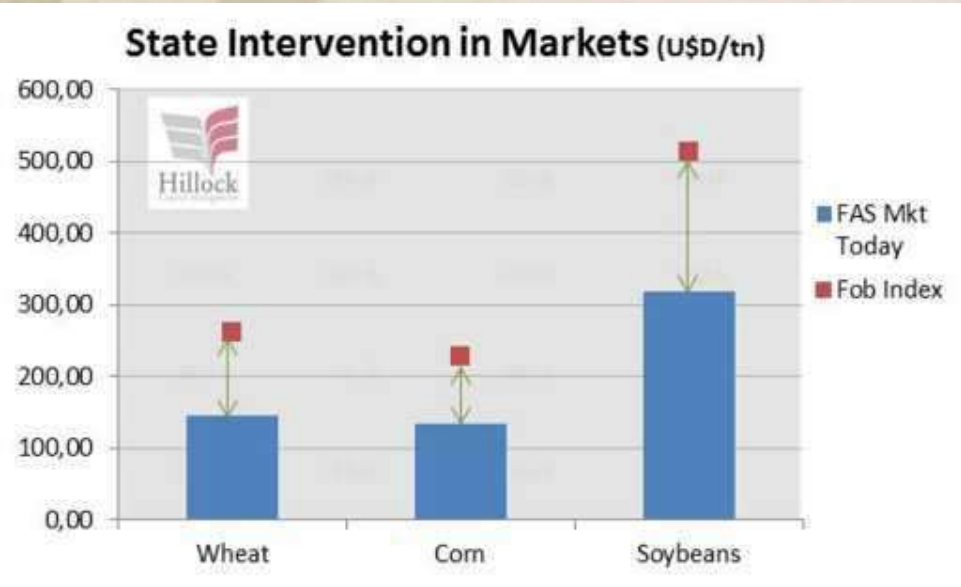
Mayor Grains Planted Area ('000 ha)



Today's Real Impact of ET's and Intervention

State Intervention generating Significant Market Distortions

| | Wheat | Corn | Soybeans |
|--------------------------------|---------------|---------------|---------------|
| FAS Mkt Today | 145,00 | 134,83 | 318,00 |
| Fob Index | 260,00 | 227,00 | 513,00 |
| Export Tax | 23% | 20% | 35% |
| Fobbing & Fas Com Cost | 14,00 | 12,00 | 17,00 |
| Total Cost | 73,80 | 57,40 | 196,55 |
| Theoric FAS | 186,20 | 169,60 | 316,45 |
| Difference Theoric/Real | -41,20 | -34,77 | 1,55 |



DISTORTION

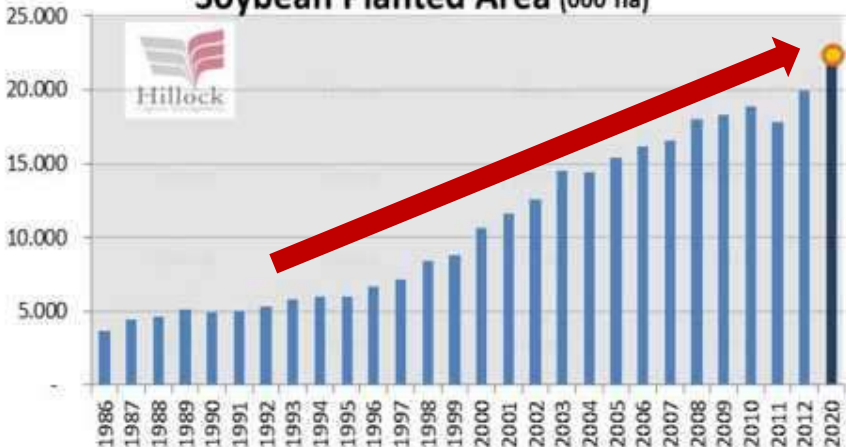
Market Intervention Direct Loss to Farmers
(Excluding Export Taxes and Origination Costs)



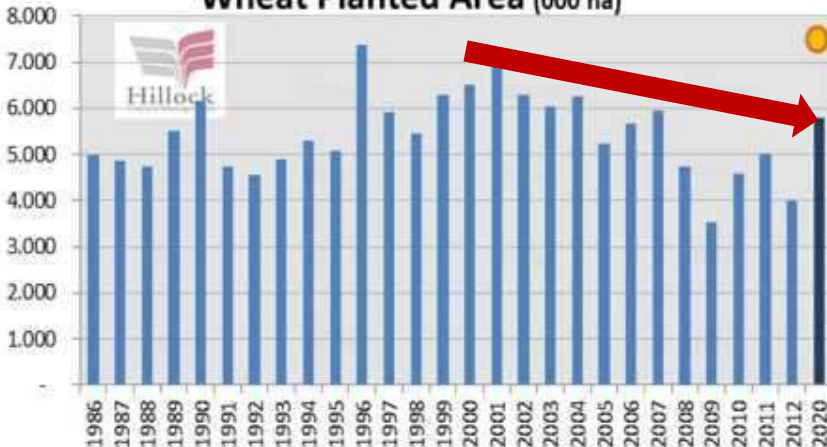
Current Policies lead to the continuous growth of Soybeans in detriment of Corn and Wheat

Planted Area Trends by Product

Soybean Planted Area (000 ha)



Wheat Planted Area (000 ha)



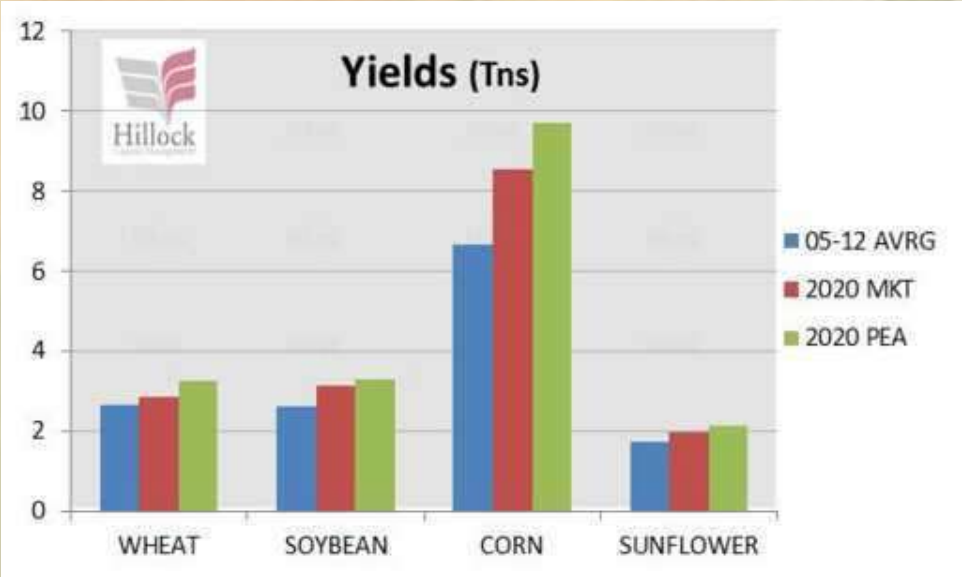
Corn Planted Area (000 ha)



Sunflower Planted Area (000 ha)



Yield Projections 2020 vs. 02/12 (10Y)



| | Avg vs MKT | Avg vs PEA | MKT vs PEA |
|-----------|------------|------------|------------|
| WHEAT | 8% | 23% | 13% |
| SOYBEAN | 19% | 26% | 6% |
| CORN | 29% | 46% | 13% |
| SUNFLOWER | 13% | 24% | 10% |

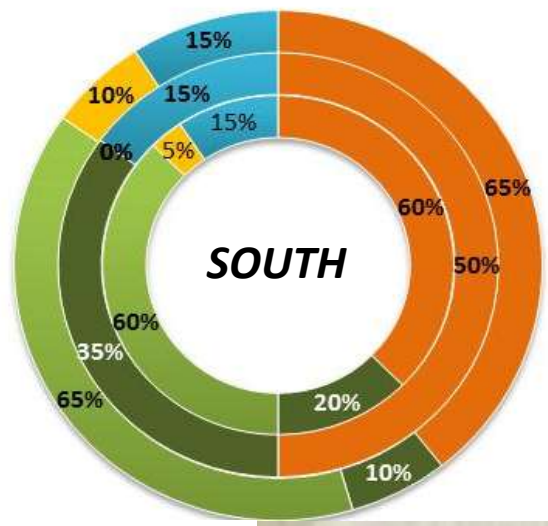
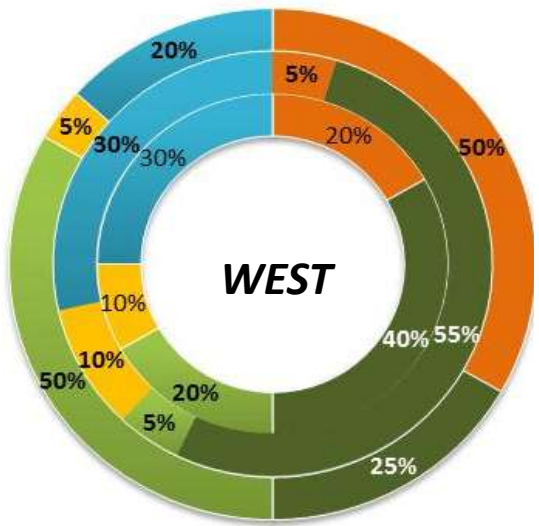
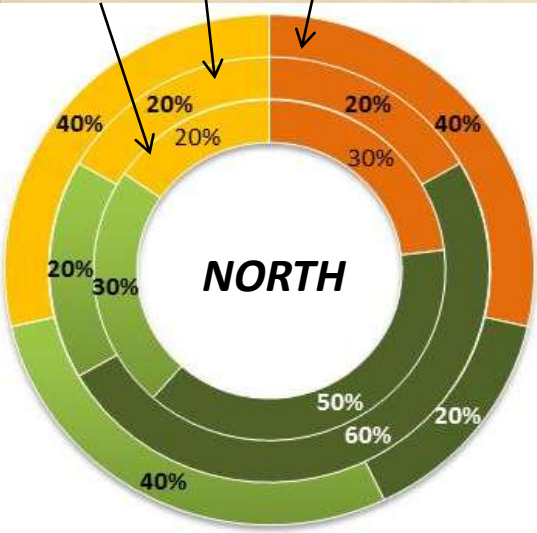
Are yield projections achievable without further intensification?

Is PEA Being TOO optimistic on yield? In this context...

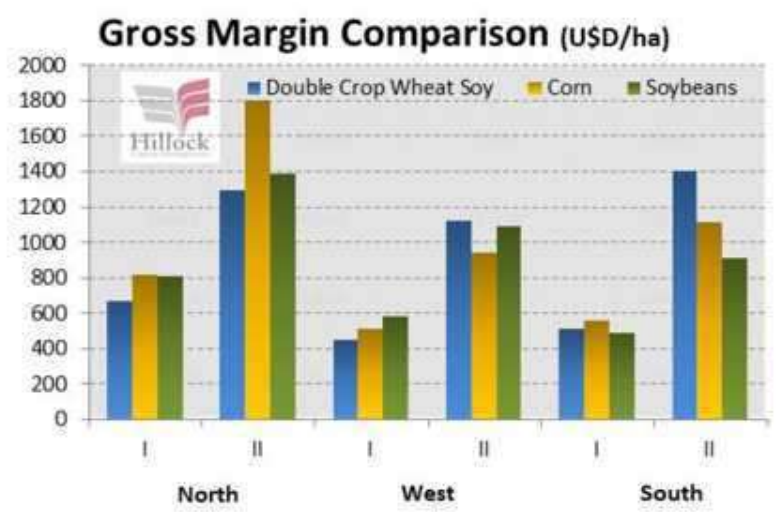
Can they be achieved through input intensification in a different context?

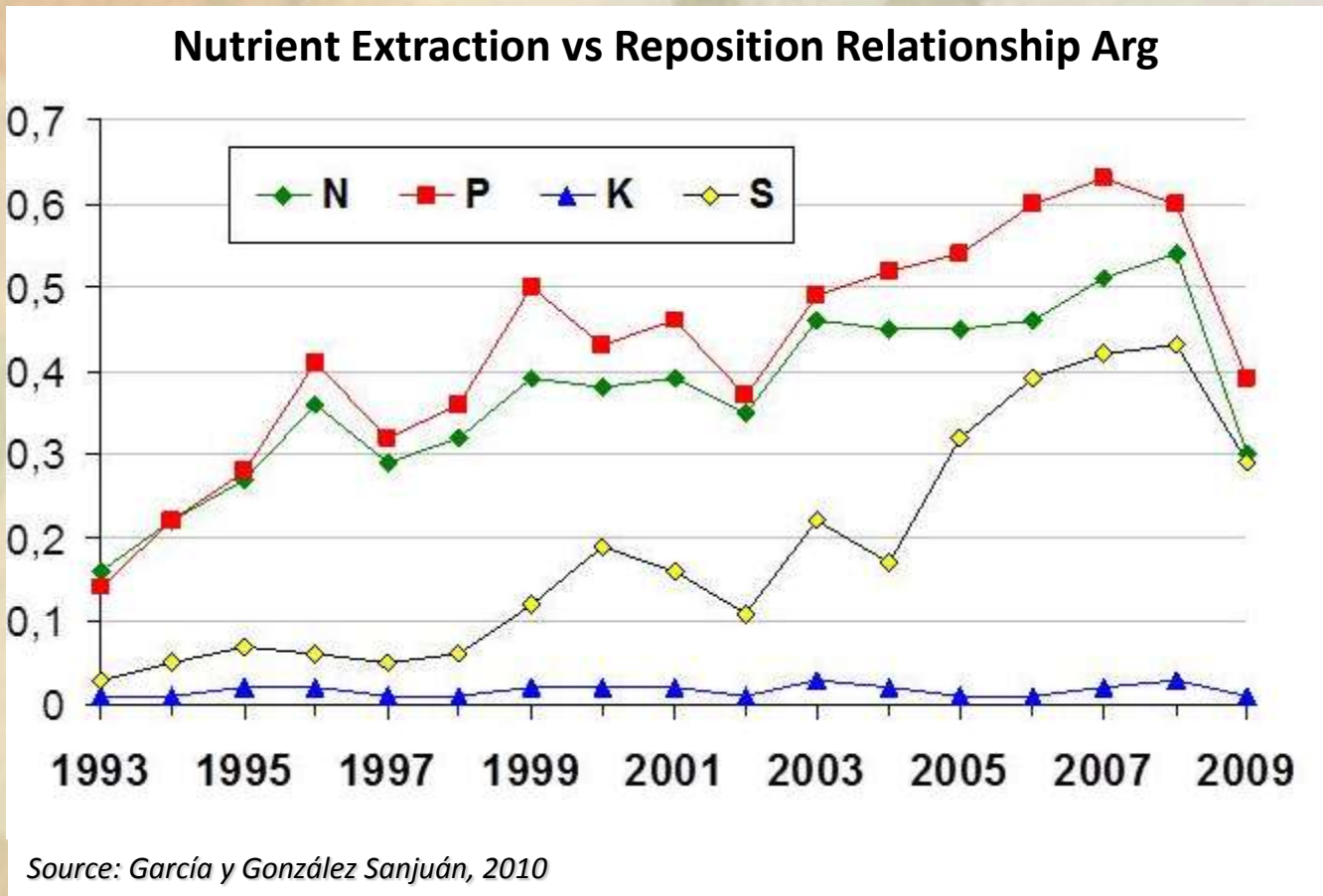
Predicted Changes in Rotations until 2020

Intensification
Trend
Actual



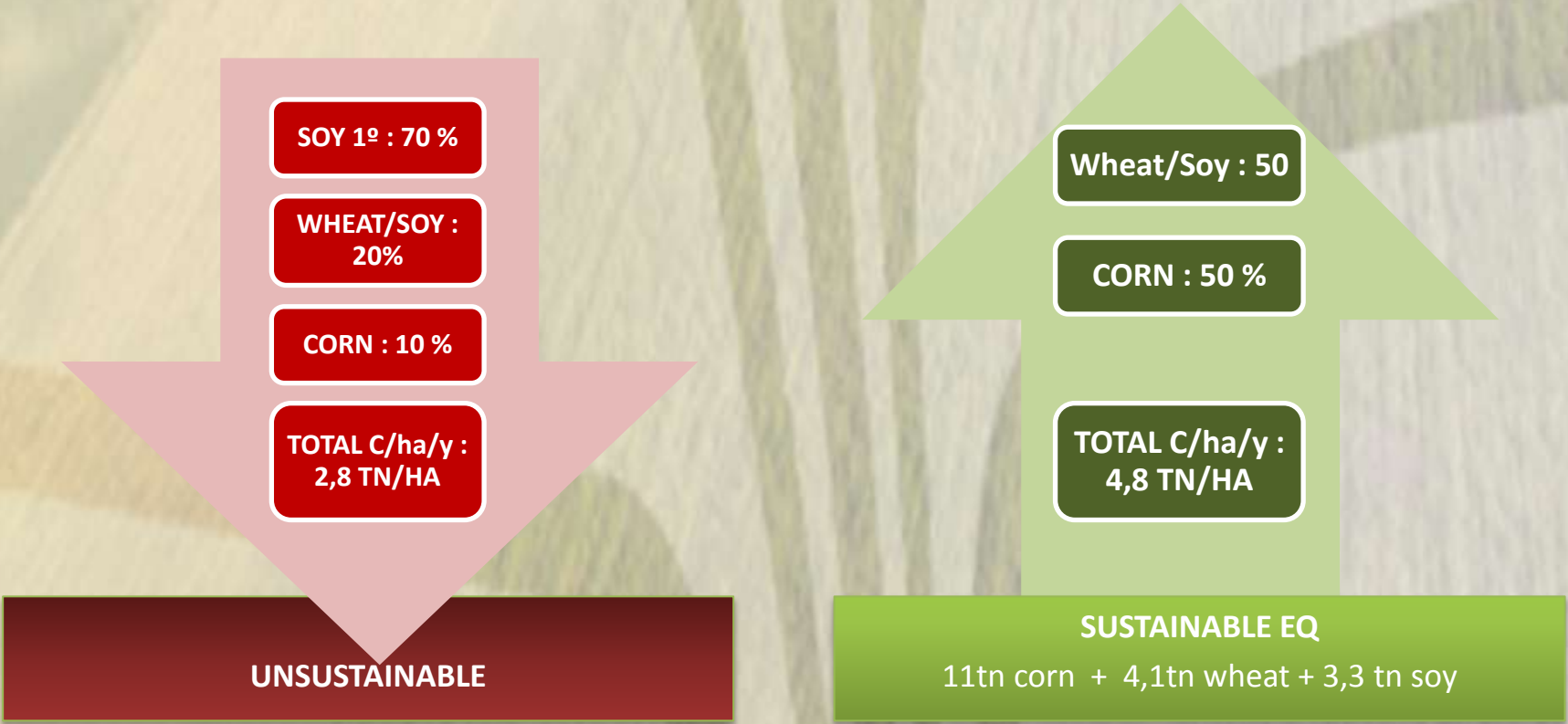
- Wheat
- Soybeans
- Late Soybeans
- Corn
- Sunflower





In the 09/10 Crop Year only 22% of the N,P,K & S Values were replaced

Carbon/ha/year Amount necessary to keep an appropriated level of O.M (2,5% in an Argiudol Typical soil) = **4,3 tn/ha**



Is PEA's 42 Mio Planted Area Achievable ?

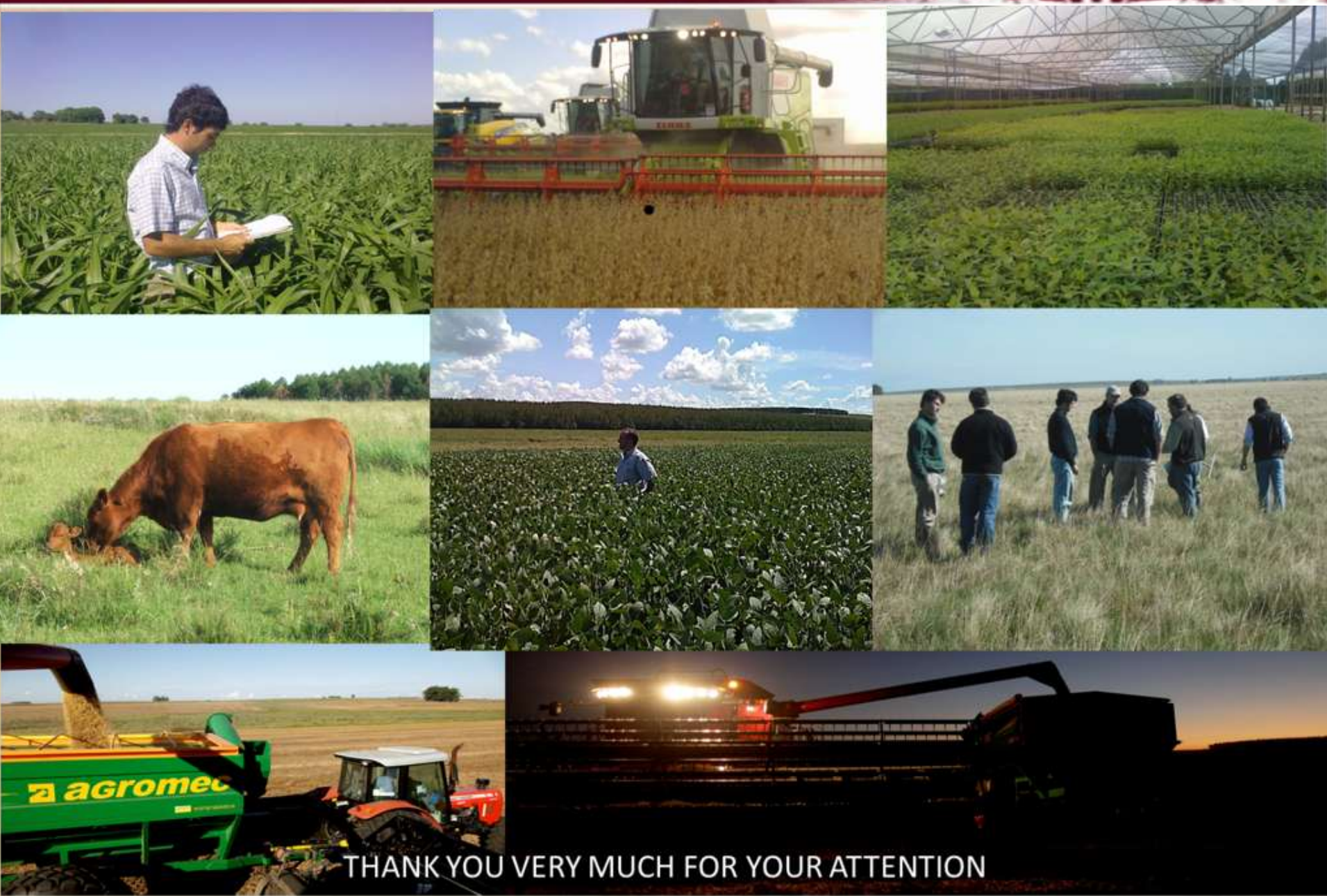
Is Argentina Capable of Producing 153 Mio tns of Grains?

Do Current Trends Show PEA's Projection Feasible? How about the Crop Shares?

Is it Possible to achieve Targeted Production projections under intensified and sustainable production schemes?

THANK YOU VERY MUCH FOR YOUR ATTENTION

Your Questions?



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