

FIDEICOMISO FINANCIERO FORESTAL BOSQUES DEL URUGUAY I

Financial statements for the financial year ended on December 31, 2020, and independent audit report

Independent audit report

Messrs. of the
Board of Directors and Shareholders of
EF Asset Management Administradora de Fondos de Inversión S.A.

Opinion

We have audited the accompanying financial statements in US dollars of Fideicomiso Financiero Forestal Bosques del Uruguay I; these financial statements include the financial statement as of December 31, 2020, the corresponding comprehensive income, cash flow, and changes in equity for the fiscal year ended on that date, as well as the notes about relevant accounting policies and other explanatory notes to the attached financial statements.

In our view, the attached financial statements present fairly, in all material respects, the financial situation of the Fideicomiso Financiero Forestal Bosques del Uruguay I as of December 31, 2020, the results of its operations, and its cash flows for the year ended on that date in accordance with the International Financial Reporting Standards.

Grounds for our opinion

We have conducted our audit in accordance with the International Standard on Auditing (ISA). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements of our report. We are independent of the Fideicomiso Financiero Forestal Bosques del Uruguay I, in accordance with the provisions of the Ethical Standards for chartered accountants of the International Ethics Standards Board of Accountants, and we have fulfilled our responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

- Assessment of the existence of impairment indicators associated to tangible assets

As described in notes 2.9 and 2.11, as of December 31, 2020, the Trust has biological assets and lands which are accounted for a total net book value of approximately USD 32.3 million and USD 21.4 million respectively.

The recoverable amount based on the use value of these assets is subject to potential impairment indicators. Its assessment depends on the result of complex estimates that require the application of assumptions and professional judgment by the Management.

The main assumptions and opinions, described in Note 2.19, are the following: wood flow, land sale flow, operational and management costs, wood prices, and calculation of the discount rate.

We have considered this topic as a key issue of our audit due to the importance of the amount of biological assets and land, and the complexity of the key assumptions used in the financial model and its review process.

In this regard, the main audit procedures carried out were as follows:

- Understanding of the processes established by the Management, including the evaluation of the design and implementation of the relevant controls regarding the review of the key assumptions used in the financial model and its review process.
- We evaluate the technical suitability of the independent engineers and their professional independence.
- Identification of the most relevant assumptions in terms of impact and application of professional judgment for the purposes of performing the following procedures:
 - Projected wood flow: We have analyzed estimates from recognized independent engineers and experts in the field, as well as held meetings with those persons responsible for the business. We have also verified that the financial projections are consistent with the different projected scenarios, and we evaluated their reasonableness based on the estimates made by the engineers and comparing them with historical information for the purpose of verifying their consistency.
 - Discount rate: We used specialists who verified the reasonableness of the model used for its calculation, as well as the main assumptions used for the design of the discount rate.

Other matters

Our audit also included the revision of the translation of figures in US dollars into Uruguayan pesos and, in our opinion, this translation has been carried out in accordance with the methodology described in Note 2.2. The translation of the financial statements into Uruguayan pesos has been carried out in order to comply with the current regulations in Uruguay regarding the presentation of financial statements.

Responsibility of the Board in relation to the financial statements

The Board of EF Asset Management Administradora de Fondos de Inversión S.A, trustee of the Trust, is responsible for preparing the financial statements and for ensuring that they are presented fairly and in accordance with the International Financial Reporting Standards, as well as for the internal control system that the Board considers necessary to enable the preparation of financial statements free from material misstatements, whether due to fraud or error.

In preparing the financial statements, the Board is responsible for assessing the Trust's ability to continue as a going concern, disclosing, if applicable, matters related to such capacity and the use of the ongoing business base as a main assumption of accounting policies, unless the Board intends to liquidate the Entity, cease operations, or has no alternative but to do so.

The Board is responsible for overseeing the process of preparation and fair presentation of the Trust's financial statements.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance on whether the financial statements as whole are free of material misstatements, whether due to fraud or error, and to issue an auditor's report with our opinion. Reasonable assurance is a high level of security, but it is not an assurance that an audit conducted in accordance with the ISA will always detect material misstatements, if any. Misstatements may arise from fraud or error, and are considered material (significant) if, individually or in aggregate, they could affect the economic decisions made by users on the basis of the financial statements.

As part of an ISA audit, when carrying out an audit we apply our professional judgment and maintain a professional skepticism attitude throughout the audit process.

In addition:

- We identified and assessed the risk of material misstatement of the financial statements, whether due to fraud or error, we designed and performed audit procedures responsive to those risks, and we obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement due to fraud is higher than for one due to error, as fraud may involve collusion, forgery, intentional omissions, intentional misrepresentations, or the annulment or override of internal controls.
- We obtain an understanding of the internal control system relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of stating an opinion on the effectiveness of the Trust's internal control system.
- We evaluate the appropriateness of the accounting policies used and the reasonableness of the accounting appraisals and the disclosures made by the Board.
- We conclude on the appropriateness of the Board's use of the basis of accounting of the going concern and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Trust's ability to continue as a going concern. If we conclude that there is a material uncertainty, in our audit opinion we must draw attention to the related disclosures in the financial statements or, if such disclosures are inadequate, modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the entity to cease to be a going concern.
- We evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We also declare to the Board that we have complied with the relevant ethical requirements relating to independence, and disclosed all our relationships and other matters that could reasonably affect our independence, and if applicable, the appropriate safeguards.

Among the matters that have been communicated to the Board, we have identified those that were of most significance in the audit of the current year's financial statements and are, therefore, key audit matters. We describe such matters in this auditor's report, except when legal or regulatory provisions prohibit the public disclosure of a matter, or when, in extremely unusual circumstances, we determine that the matter should not be included in our report because the adverse consequences of doing so could reasonably outweigh the public interest benefits of its disclosure.

Among other matters, we communicated with the Board regarding the scope and timing of the audit procedures, significant audit findings identified, including, if any, significant deficiencies in the internal control system that we may have identified during our audit.

March 29, 2021



Héctor Cuello
Partner, Deloitte



Fideicomiso Financiero Forestal Bosques del Uruguay

Financial statement as of December 31, 2020

(in US dollars and Uruguayan pesos)

| | Notes | USD | | Equivalent in UYU | |
|---|-------|-------------------|-------------------|----------------------|----------------------|
| | | 12/31/2020 | 12/31/2019 | 12/31/2020 | 12/31/2019 |
| Assets | | | | | |
| Non-current assets | | | | | |
| Property, plant and equipment | 5 | 21,439,681 | 20,721,183 | 907,756,113 | 773,065,900 |
| Biological assets- plantations | 4 | 32,277,823 | 29,398,906 | 1,366,643,023 | 1,096,814,385 |
| Total non-current assets | | 53,717,504 | 50,120,089 | 2,274,399,136 | 1,869,880,285 |
| Current assets | | | | | |
| Inventories | 3.1 | 63,666 | 27,145 | 2,695,598 | 1,012,735 |
| Trade receivables and other accounts receivable | 3.2 | 777,788 | 87,884 | 32,931,529 | 3,278,767 |
| Other non-financial assets | 3.3 | 217,857 | 262,535 | 9,224,076 | 9,794,645 |
| Cash and cash equivalents | 3.4 | 628,192 | 38,665 | 26,597,669 | 1,442,524 |
| Total current assets | | 1,687,503 | 416,229 | 71,448,872 | 15,528,671 |
| Total assets | | 55,405,007 | 50,536,318 | 2,345,848,008 | 1,885,408,956 |
| Equity | | | | | |
| Participation certificates | 7 | 50,000,000 | 50,000,000 | 931,350,000 | 931,350,000 |
| Equity adjustments | 7 | - | (9,037,475) | 1,140,631,668 | 556,264,747 |
| Accumulated earnings | | 654,189 | 6,621,833 | 72,716,717 | 287,662,455 |
| Total equity | | 50,654,189 | 47,584,358 | 2,144,698,385 | 1,775,277,202 |
| Liabilities | | | | | |
| Non-current liabilities | | | | | |
| Loans and liabilities | 3.6 | 2,000,000 | 1,400,000 | 84,680,000 | 52,231,200 |
| Deferred tax | 2.15 | 1,731,861 | 1,257,528 | 73,327,016 | 46,915,870 |
| Total non-current liabilities | | 3,731,861 | 2,657,528 | 158,007,016 | 99,147,070 |
| Current liabilities | | | | | |
| Loans and liabilities | 3.6 | 519,610 | | 22,000,267 | |
| Trade creditors and other accounts payable | 3.5 | 499,347 | 294,432 | 21,142,340 | 10,984,684 |
| Total current liabilities | | 1,018,957 | 294,432 | 43,142,607 | 10,984,684 |
| Total liabilities | | 4,750,818 | 2,951,960 | 201,149,623 | 110,131,754 |
| Total liabilities and equity | | 55,405,007 | 50,536,318 | 2,345,848,008 | 1,885,408,956 |

The accompanying notes are an integral part of these financial statements.

The report dated March 29, 2021 is
attached hereto.
Deloitte S.C.

Comprehensive income statement for the fiscal year ended on December 31, 2020

(in US dollars and Uruguayan pesos)

| | Notes | USD | | Equivalent in UYU | |
|---|-------|--------------------|--------------------|----------------------|---------------------|
| | | 12/31/2020 | 12/31/2019 | 12/31/2020 | 12/31/2019 |
| Operating income | 3.7 | 4,198,554 | 1,775,592 | 177,626,033 | 62,767,352 |
| Change in the fair value of biological assets | 4 | 2,914,020 | 9,275,956 | 123,379,607 | 346,067,360 |
| Cost of goods sold | | <u>(3,157,930)</u> | <u>(1,169,724)</u> | <u>(134,012,962)</u> | <u>(41,507,033)</u> |
| Gross result | | 3,954,644 | 9,881,824 | 166,992,678 | 367,327,679 |
| Administration and selling expenses | 3.8 | (1,035,785) | (974,518) | (43,455,171) | (34,504,201) |
| Financial results | 3.9 | 57,373 | 44,343 | 2,077,708 | 1,500,204 |
| Sundry profits and losses | 3.10 | 718,958 | - | 30,440,682 | - |
| Fiscal year result before income tax | | 3,695,190 | 8,951,649 | 156,055,897 | 334,323,682 |
| Income tax | 2.15 | <u>(625,359)</u> | <u>(366,716)</u> | <u>(26,415,976)</u> | <u>(13,557,101)</u> |
| Profit or loss for the fiscal year | | 3,069,831 | 8,584,933 | 129,639,921 | 320,766,581 |
| Other comprehensive profit or loss for the year | | | | | |
| Revaluation of properties, plant and equipment | 5 | - | (8,094,358) | - | (301,984,308) |
| Deferred tax associated with revaluation of properties, plant and equipment | 2.15 | - | 71,220 | - | 2,657,067 |
| Conversion reserves | 2.2 | - | - | <u>239,781,262</u> | <u>230,024,701</u> |
| Comprehensive profit or loss for the year | | 3,069,831 | 561,795 | 369,421,183 | 251,464,041 |

The accompanying notes are an integral part of these financial statements.

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| The report dated March 29, 2021 is attached hereto. Deloitte S.C. |
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Fideicomiso Financiero Forestal Bosques del Uruguay

Cash flow statement for the fiscal year ended
on December 31, 2020

(in US dollars and Uruguayan pesos)

| Notes | USD | | Equivalent in UYU | |
|---|------------------|------------------|---------------------|---------------------|
| | 12/31/2020 | 12/31/2019 | 12/31/2020 | 12/31/2019 |
| Cash flow from operational activities | | | | |
| Fiscal year result for continuing operations before income tax | 3,695,190 | 8,951,649 | 156,055,897 | 334,323,682 |
| Adjustments | | | | |
| Unpaid accrued interests | 19,610 | - | 830,267 | - |
| Depreciations | 5 460 | 248 | 19,422 | 8,758 |
| Result for land assessment | 3.10 (718,958) | - | (30,440,682) | - |
| Costs of sales of standing forests | 4 406,129 | - | 17,466,789 | - |
| Changes in the fair value of biological assets | 4 (2,914,020) | (9,275,956) | (123,379,607) | (346,067,360) |
| | 488,411 | (324,059) | 20,552,086 | (11,734,920) |
| Changes in assets and liabilities | | | | |
| Trade receivables and other accounts receivable | (689,905) | (71,451) | (27,474,777) | (2,490,568) |
| Inventories | (36,521) | (25,901) | (1,454,412) | (902,831) |
| Other non-financial assets | 44,678 | 319,920 | 1,779,257 | 11,151,451 |
| Trade creditors and other accounts payable | 53,890 | (228,719) | 2,146,078 | (7,972,458) |
| Adjustment for translation | - | - | (392,017) | 2,355,305 |
| Net flow from operating activities | (139,447) | (330,210) | (4,843,785) | (9,594,021) |
| Cash flow applied to investment activities | | | | |
| Incurring costs in the biological asset | 4 (371,026) | (567,675) | (15,668,522) | (19,910,720) |
| Net flow from investment activities | (371,026) | (567,675) | (15,668,522) | (19,910,720) |
| Cash flow applied to financing activities | | | | |
| Loans and liabilities | 1,100,000 | 299,553 | 45,412,872 | 10,149,446 |
| Net flow from financing activities | 1,100,000 | 299,553 | 45,412,872 | 10,149,446 |
| Changes in cash flow and cash equivalent | 589,527 | (598,332) | 24,900,565 | (19,355,295) |
| Opening cash and cash equivalent balance | 38,665 | 636,997 | 1,442,524 | 20,642,539 |
| Effect associated with the maintenance and conversion of cash and equivalents | - | - | 254,580 | 155,280 |
| Final cash balance and cash equivalent | 628,192 | 38,665 | 26,597,669 | 1,442,524 |

The accompanying notes are an integral part of these financial statements.

The report dated March 29, 2021 is attached
hereto.
Deloitte S.C.

Statement of changes in equity for the fiscal year ended on December 31, 2020

(in US dollars)

| | Notes | PARTICIPATION CERTIFICATES | EQUITY ADJUSTMENTS | CUMULATIVE RESULTS | TOTAL EQUITY |
|---|-------|-------------------------------|-----------------------|-----------------------|-------------------|
| Balance as of December 31, 2018 | | 50,000,000 | (1,014,337) | (1,963,100) | 47,022,563 |
| Profit or loss for the fiscal year | | | | 8,584,933 | 8,584,933 |
| Revaluation of property, site, and equipment, net of deferred tax | 7 | | (8,023,138) | | (8,023,138) |
| Balance as of December 31, 2019 | | 50,000,000 | (9,037,475) | 6,621,833 | 47,584,358 |
| Profit or loss for the fiscal year | | | | 3,069,831 | 3,069,831 |
| Revaluation of property, site, and equipment, net of deferred tax | 7 | | 9,037,475 | (9,037,475) | |
| Balance as of December 31, 2020 | | 50,000,000 | • | 654,189 | 50,654,189 |

Statement of changes in equity for the fiscal year ended on December 31, 2020

(in Uruguayan pesos)

| | | PARTICIPATION CERTIFICATES | EQUITY ADJUSTMENTS | CUMULATIVE RESULTS | TOTAL EQUITY |
|---|---|-------------------------------|----------------------|-----------------------|----------------------|
| Balance as of December 31, 2018 | | 931,350,000 | 625,567,287 | (33,104,126) | 1,523,813,161 |
| Profit or loss for the fiscal year | | | | 320,766,581 | 320,766,581 |
| Revaluation of property, site, and equipment, net of deferred tax | 7 | | (299,327,241) | | (299,327,241) |
| Conversion reserve | 7 | | 230,024,701 | | 230,024,701 |
| Balance as of December 31, 2019 | | 931,350,000 | 556,264,747 | 287,662,455 | 1,775,277,202 |
| Profit or loss for the fiscal year | | | | 129,639,921 | 129,639,921 |
| Revaluation of property, site, and equipment, net of deferred tax | 7 | | 344,585,659 | (344,585,659) | |
| Conversion reserve | 7 | | 239,781,262 | | 239,781,262 |
| Balance as of December 31, 2020 | | 931,350,000 | 1,140,631,668 | 72,716,717 | 2,144,698,385 |

The accompanying notes are an integral part of these financial statements.

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| The report dated March 29, 2021, is attached hereto. Deloitte S.C. |
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Fideicomiso Financiero Forestal Bosques del Uruguay

Notes to the financial statements for the fiscal year ended on December 31, 2020

Note 1 - Basic Information on Fideicomiso Forestal Bosques del Uruguay

On May 6, 2011, the Fideicomiso Financiero Forestal Bosques del Uruguay was established on agreement, by the signing of the respective agreement between EF ASSET MANAGEMENT Administradora de Fondos de Inversión S.A. as "Trustee", Agroempresa Forestal S.A. as "Manager", and the initial Underwriters of the Securities as "Trustors". This agreement was recorded at the notary office on May 9, 2011.

The capital of the Trust has been paid-in with the amounts paid by the trustees in their capacity as initial subscribers to the securities, under the conditions set out in the Agreement and to be used for the fulfillment of the purposes of the Agreement.

With the funds from the placement of the securities (certificates of participation), the Trustee invested in the purchase of rural properties, located within the Eastern Republic of Uruguay, and carried out forestry activity, which became part of the equity of the Trust.

The Business Plan establishes the framework within which the Trust strategy is developed to fulfill its purpose, and specifically indicates the general requirements that the Properties must meet.

The Trustee appoints the Manager, through the Administration Agreement, to fulfill the task of managing the assets of the Trust and to carry out the implementation of the Business Plan, in relation to this Trust and the Administration Agreement. Regardless of the above, the Trustee shall remain responsible for the actions of the Manager in reference to the tasks subcontracted to the Manager.

The Trust shall not invest its resources in securities not allowed for the Pension Savings Funds.

The equity of the Trust consist of its assets and all economic rights, present and future, which are generated by them. It shall be destined solely and exclusively towards the purposes intended, and only the rights and actions relating to those assets may be exercised in relation to them.

On August 5, 2011, EFAM issued on behalf of the Trust, written participation certificates, with a face value of USD 50,000,000 (fifty million U.S. dollars).

Participation Certificates give the Holders rights of participation in the outcome of the Trust, in accordance with the terms and conditions established.

The Trust shall remain in force for a maximum period of 30 years, or until all assets of the Trust are liquidated and all liabilities are canceled.

In the meeting of holders of the participation certificates of February 27, 2013, the holders voted to modify the terms and conditions of the Trust Agreement. In order to reflect the conditions approved by the holders at the aforementioned meeting, on March 5, 2013, the parties decided to amend the agreement. They agreed to include as a purpose of the Trust the possibility of leasing rural properties in addition to the purchase of land. It was also authorized the acquisition of rural properties through the execution of promises to sell real estate on a term basis.

The report dated March 29, 2021 is attached hereto.

Deloitte S.C.

In accordance with Article 330 of the Central Bank of Uruguay's Compilation of Securities Market Standards, the Trust closes its accounting and fiscal year on December 31 of each year. The comprehensive income statement, the statement of changes in equity, and the cash flow statement, are presented for the year ended December 31, 2020.

These financial statements have been authorized for issuance by EF Asset Management Administradora de Fondos de Inversión S.A., trustee of the trust, dated March 29, 2021.

Note 2 - Basis for preparation and significant accounting policies

2.1 Accounting standards applied.

The financial statements were prepared in accordance with Decree 124/11. This Decree, issued by the Executive Branch on April 1, 2011, establishes as mandatory accounting standards for issuers of publicly available securities, the International Financial Reporting Standards (IFRS), adopted by the International Accounting Standard Board (IASB), translated into Spanish.

During the current exercise, the following new standards and/or revised standards by IASB had no impact on the financial statements of the Trust, given its activity.

New standards and interpretations issued by IASB

The new standards and revised standards issued by IASB as of the date of issue of this financial statement are as follows:

- Changes to IFRS 3, Business Concept
- Modifications to IASB 1 and IASB 8, Definition of Material
- Changes to IFRS 9, IASB 39 and IFRS 7, Reform of the Reference Interest Rate
- Changes to IFRS 16, Income Concessions related to COVID-19
- Changes to IFRS 4, Insurance Agreements in the Application of IFRS 9, Financial Instruments
- Modifications to the IFRS conceptual framework

New and revised IFRS that have been issued but are not yet in force

On the date of authorization of these financial statements, the Company has not applied the following new and revised IFRS Standards that have been issued but are not yet in force:

- Modifications to IAS 1, Classification of Liabilities as Current and Non-Current
- Modifications to IAS 16, economic benefits prior to the intended use of properties, plant and equipment
- Modifications to IAS 37, costs to fulfill an onerous contract
- Changes to IFRS 1, initial adoption of IFRS
- Changes to IFRS 9, Financial Instruments
- Modifications to IAS 41, biological assets
- IFRS 17, Insurance Contracts

It is expected by the management that the application of these modifications will not significantly affect the financial statements.

The following are the main accounting policies applied:

2.2 Functional currency and criteria used for the conversion of financial statements to Uruguayan pesos

The rules in force in Uruguay state that the functional currency must provide information about the Trust that is useful and reflects the economic substance of events and circumstances relevant to the Trust. If a particular currency is used widely in the Trust or has a significant impact on the Trust, it may be appropriate as a functional currency.

The report dated March 29, 2021 is attached hereto.

Deloitte S.C.

A currency can be considered functional according to the standard when:

- purchases are financed in that currency;
- collections of trade receivables are made in that currency;
- prices for goods or services sold are nominated in that currency;
- the cost of goods sold or services rendered is nominated in that currency.

The Trust uses the US dollar as its functional currency based on the fact that its principal income and expenditures are nominated in that currency.

The Trust must use the Uruguayan peso as the currency of presentation of its accounting statements to comply with the legal and fiscal provisions in force.

In accordance with such regulations, to translate its financial statements from the functional currency to the reporting currency, the Trust must:

- translate its assets and liabilities at the closing rate;
- translate its income and expenses at the exchange rate in effect at the date of the respective transactions;
- translate its equity, except for the financial year's results, at the closing exchange;
- acknowledge the results of translation directly into other comprehensive incomes without affecting the financial year's results.

The asset items have been retranslated as follows: 1)Equity is presented at its value in historical Uruguayan pesos; 2) accumulated earnings correspond to the results of prior years in U.S. dollars translated according to the general translation standard.

The difference arising from the use of the exchange rate at closing for asset, liabilities and equity translation, and exchange rate at the date of each transaction for the financial year's result is directly presented in the equity under the heading adjustments to the equity and in the comprehensive income statement as "Reserve from translation".

2.3 Balances in currencies other than functional

Assets and liabilities in non-functional currencies are valued at year-end exchange rates. Exchange differences are recognized in the results. Balances of assets and liabilities denominated in non-functional currency at year-end are summarized in Note 6.

2.4 Overall valuation criteria for assets and liabilities

Assets and liabilities (with the exception of biological assets and property, plant and equipment) have been valued on the basis of the cost initially disbursed or the commitment assumed respectively, subsequently measured at amortized cost. In all cases, these amounts were adjusted as expressed in the preceding numeral.

2.5 Cash and cash equivalents

Current and demand deposits held in financial institutions are considered as cash and cash equivalents.

2.6 Financial assets and liabilities

Financial assets and liabilities are measured at amortized cost.

The trust maintains bank loans with local financial institutions.

The report dated March 29, 2021 is attached hereto.

Deloitte S.C.

2.7 Trade receivables and other accounts receivable

Commercial debtors and other accounts receivable are presented at their amortized cost using the effective interest method. The Trust Management has not constituted an allowance for bad debtors based on the expected credit loss method, bearing in mind the probability of default and the amount expected to recover in that scenario, in the understanding that the effect of its application does not have a significant effect on the financial statements of the Trust.

2.8 Other non-financial assets

Non-financial assets are presented at their face value and correspond mainly to tax credits.

2.9 Biological assets- plantations

Timber plantations are presented in the financial statement at their fair value as of December 31, 2020.

The Trust determines the value of its timber plantations annually, according to a valuation of its forests by independent forest consultants. The fair value of timber plantations has been estimated as of December 31, 2020 by the independent expert through current value techniques of estimated fund flows, combining expectation approaches and cost approach techniques.

On the basis of the methodology described, the independent expert has determined that the fair value of biological assets as of December 31, 2020, was USD 32,277,823, equivalent to UYU 1,366,643,023, while at December 31, 2019, it was USD 29,398,906, equivalent to UYU 1,096,814,385.

For these purposes, the following are considered, basically:

- the representative prices estimated for the financial year of the projection
- variable and fixed annual costs associated with timber production
- an estimated discount rate based on a capital asset price model, which amounts to 8%.

Changes in the measurement of fair value (combination of biological growth, changes in prices, costs and expenses) are recognized in the comprehensive income statement.

Biological assets are recognized and measured at their fair value separately from the land.

The fair value of these has been determined mainly by using sources of information corresponding to hierarchy level 3.

2.10 Inventories

Inventories are valued at acquisition cost.

The cost is determined based on the FIFO valuation method for the allocation of exits.

The Trust believes that the accounting values of the items in the inventory do not exceed their net carrying-out value.

2.11 Property, plant and equipment

The composition and evolution of property, plant and equipment balances during the financial year ended December 31, 2020, is set out in Note 5 to these financial statements.

The report dated March 29, 2021 is attached hereto.

Deloitte S.C.

According to the terms of the contract, an assessment of the lands was made by an independent expert on December 31, 2020,. The book value of the lands at this date was adjusted to the values stipulated in the report issued by the expert, which amounted to USD 21,429,399, equivalent to UYU 907,320,755 and as of December 31, 2019, USD 20,710,441, equivalent to UYU 772,665,133.

The fair value of these has been determined mainly by using sources of information corresponding to hierarchy level 3.

These amounts were translated to Uruguayan pesos as expressed in Note 2.2.

The improvements are included at their historical acquisition cost in US dollars, deducting the corresponding accumulated depreciation. During the third quarter of 2020, a change of valuation of the service life was decided, considering a service life of 30 years instead of 50 years. This change in valuation has been made prospectively, starting from the net values of the improvements as of December 31, 2019, and starting to depreciate the remainder on a straight-line basis.

Disbursements after the acquisition of property, plant and equipment are included to the carrying amount of assets when it is likely that future economic benefits, in addition to those originally assessed, will be derived from them.

The Board believes that the net book value of the goods does not exceed their use value and that no loss has occurred due to deterioration of the property, plant and equipment.

Depreciations for the financial year have been charged to administration and sales costs.

2.12 Accrual basis and recognition of income

Income is acknowledged when gained and losses when incurred, regardless of when they are collected or paid, respectively. Income in general is acknowledged when future economic benefits are likely to enter the Trust's equity as a result of transactions carried out by the Trust.

Revenue from sales of goods and services provided is accounted for when the most significant risks related to ownership of the assets are transferred to the buyer or once the services have been accrued, and the amount of the services can be determined reliably.

The income and expenditures included in the comprehensive income statement are entered with the amount originally obtained or disbursed for the goods or services.

Administration and sales expenses, financial results and others have been treated in accordance with the principle of accruals.

2.13 Capital concept used

The difference in value of equity as of December 31, 2020, from the amount of capital to be maintained has been considered as a result of the year. The concept of capital to be maintained is that of financial capital.

2.14 Funds concept

For the preparation of the cash flow statement, the definition of funds equal to cash and cash equivalents was used, applying the indirect method in its preparation.

The report dated March 29, 2021 is attached hereto.

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2.15 Taxes, current income tax and deferred tax

The Trust is subject to VAT, Income Tax and Equity Tax. It is also an income tax withholding agent for natural persons.

The Trust is subject to corporate tax for all income generated in Uruguayan not within the exemptions granted by Act 15,939 for the promotion of the forestry sector.

The Trust shall pay the Equity Tax, being exempted from this tax the yield of forests planted in areas of forestry priority, as well as the lands destined to such plantations.

Regarding the aforementioned tax, in 2013 Act 19,088 amended the exemption that regulates the agricultural sector and applied an overtax to those taxpayers. Decree 293/013, which regulates said law, introduced an amendment extending the exemption of Equity Tax to trusts, which already existed for certain listed companies. The exemption is applicable for five fiscal years from the creation of the trust.

Therefore, for the financial year ended on December 31, 2020, the trust does not enjoy such exemption on the Equity Tax and the surcharge.

On March 8, 2016, the General Revenue Office of Uruguay published a consultation where it establishes that the exemptions from the agricultural equity tax are also applicable to the surcharge. In this regard, and according to the new information available, the Trust requested and obtained a refund from the General Revenue Office of Uruguay for the amounts paid for this concept for the fiscal years 2013, 2014 and 2015 by means of credit certificates for the fiscal year ended on June 30, 2016.

The sale of agricultural products in their natural state is subject to the suspended VAT system. The sale of uncut logs and the felling of forests planted by the Trust or that have been acquired standing, are considered agricultural products in the natural state for the purpose of their sale. As a result, VAT will remain on hold, and the tax included in the purchases that are part of their cost can be recovered. Grazing income is exempt from VAT, thus a portion of indirect purchasing VAT cannot be recovered as it is associated with this type of income.

The Trust shall pay Rural Real Estate Tax on the plots acquired for the exploitation. However, under Act 18,245, the plots that the Trust will destine to timber plantations, included in the Quality Timber projects defined by the Ministry of Livestock, Agriculture and Fisheries, are exempt from the Rural Real Estate Tax.

In addition, the Trust determines the amount of income tax by the deferred tax method, which consists in the recognition (such as credit or debit) of the tax effect of the temporary differences between the accounting and fiscal valuation of assets and liabilities, determined at the current rate of 25%, and its subsequent imputation to the results of the year in which their reversal occurs.

The report dated March 29, 2021 is attached hereto.

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Income tax

a. Income tax components recognized in the comprehensive income statement.

| | USD | | Equivalent in UYU | |
|---------------------------------|------------------|------------------|---------------------|---------------------|
| | 12/31/2020 | 12/31/2019 | 12/31/2020 | 12/31/2019 |
| Current Tax Expense | (114) | (1,275) | (4,830) | (47,560) |
| Loss/(Income) from Deferred Tax | (625,245) | (365,441) | (26,411,146) | (13,509,541) |
| | (625,359) | (366,716) | (26,415,976) | (13,557,101) |

b. Deferred income tax

The assets and liabilities that generate temporary differences are attributable according to the following

| | USD | | Equivalent in UYU | |
|---|------------------|------------------|-------------------|-------------------|
| | 12/31/2020 | 12/31/2019 | 12/31/2020 | 12/31/2019 |
| Tax losses | - | (110,229) | - | (4,112,422) |
| Property, plant and equipment - Land | (75,986) | (177,717) | (3,217,228) | (6,630,262) |
| Property, plant and equipment - Other agribusiness assets | (38) | 55 | (1,625) | 2,055 |
| Biological assets | 1,807,885 | 1,545,419 | 76,545,869 | 57,656,499 |
| Deferred tax liabilities | 1,731,861 | 1,257,528 | 73,327,016 | 46,915,870 |

c. Deferred tax movements during the year

| | USD | | | | |
|---|--------------------------|--------------------|----------------------------|-------------------|--------------------------|
| | Balance as of 12/31/2019 | Income adjustments | Conversion effect | Equity adjustment | Balance as of 12/31/2020 |
| Tax losses | (110,229) | 97,355 | 12,874 | - | - |
| Property, plant and equipment - Land | (177,717) | 80,799 | (210,034) | 230,966 | (75,986) |
| Property, plant and equipment - Other agribusiness assets | 55 | (87) | (6) | - | (38) |
| Biological assets | 1,545,419 | 447,178 | (184,712) | - | 1,807,885 |
| Deferred tax liabilities | 1,257,528 | 625,245 | (381,878) | 230,966 | 1,731,861 |
| | Equivalent in UYU | | | | |
| | Balance as of 12/31/2019 | Income adjustments | Adjustment for translation | Equity adjustment | Balance as of 12/31/2020 |
| Tax losses | (4,112,422) | 4,112,422 | - | - | - |
| Property, plant and equipment - Land | (6,630,262) | 3,413,034 | (9,784,790) | 9,784,790 | (3,217,228) |
| Property, plant and equipment - Other agribusiness assets | 2,055 | (3,680) | - | - | (1,625) |
| Biological assets | 57,656,499 | 18,889,370 | - | - | 76,545,869 |
| Deferred tax liabilities | 46,915,870 | 26,411,146 | (9,784,790) | 9,784,790 | 73,327,016 |

The report dated March 29, 2021 is attached hereto.

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d. Reconciliation of income tax expenditure and accounting profit

| | 12/31/2020 | |
|---|----------------|-------------------|
| | USD | Equivalent in UYU |
| Accounting profit before corporate tax | 3,695,190 | 156,055,897 |
| | 25% | 25% |
| Income tax at applicable rate | 923,798 | 39,013,974 |
| <u>Adjustments that do not generate temporary difference:</u> | | |
| Non-taxable income | (836,209) | (33,301,117) |
| Expenses associated to non-taxable income | 853,003 | 33,969,981 |
| Tax losses | 73,462 | 2,925,546 |
| Land revaluations charged to equity | (230,966) | (9,784,790) |
| Adjustment for translation | 381,878 | 9,784,790 |
| Other net concepts | (539,607) | (16,192,408) |
| | 625,359 | 26,415,976 |

2.16 Provisions

Provisions are financially acknowledged when the Trust has a present obligation (legal or contractual) as a result of a past occurrence; it is likely that resources will have to be appropriated to cancel such obligations in the future and may be reliably estimated.

2.17 Financial Instruments

The main financial instruments of the Trust are deposits in bank checking accounts, credits and debts. The main purpose of maintaining more liquid assets is for the Trust to have liquid assets available to meet its operational needs. The Trust has not contracted derivative financial instruments during the year.

2.18 Estimates and assumptions made in the application of accounting policies

The preparation of financial statements requires the Trust to make estimates and assumptions that affect the amounts reported of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The most important accounting policies, estimates and assumptions for the determination of the accounting values of assets and liabilities are as follows:

(a) Fair value of property, plant and equipment and biological assets (plantations)

The Trust annually hires independent expert appraisers to determine the fair value of land (Note 2.11) and biological assets (Note 2.9).

The methods used to determine fair value require estimates and assumptions, based on objective information and knowledge of the business. Such estimates are highly sensitive, and a variation in them may determine a significant variation in the fair values acknowledged in the financial statements for biological assets. It is for this reason that the estimates are periodically revised, and adjusted accordingly, if necessary.

(b) Income tax

The Trust recognizes the effects of deferred tax based on estimates and assumptions on the manner in which its assets and liabilities are realized and canceled, respectively. Changes in said estimates and assumptions could significantly modify the balance of assets and liabilities accounted for deferred income tax in the year in which the modifications take place. Deferred tax assets and liabilities are not discounted.

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Deferred tax assets are reviewed at each reporting date and are not acknowledged unless there are future tax gains from which the deductible temporary differences that result in the asset can be discounted. In addition, for the determination of the portion of deferred tax assets to be acknowledged in the financial statement, consideration should be given to the existence of future taxable temporary differences with which the deductible temporary differences that result in the asset can be compensated. For these purposes, the Trust considers the projection of the reversions of temporary differences and future fiscal results, and the available fiscal planning opportunities (Note 2.15).

2.19 Loss due to deterioration of tangible assets

At the close of each financial year, the Trust evaluates the recorded value of its tangible assets in order to determine whether there are facts or circumstances that indicate that the asset has suffered a impairment loss. If any of these facts or circumstances exist, the recoverable amount of such asset is estimated to determine the amount that corresponds to the impairment loss.

If the asset does not generate cash flows that are independent of other assets, the Trust estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable value is the highest, between fair value minus costs for sale and use value. The use value is the current value of the estimated cash flows, which are expected to arise from the continued operation of the asset over its service life, as well as from its disposal or abandonment at the end of the life of the asset. For the determination of the use value, projected cash flows are discounted at their current value using a before tax discount rate, which reflects the current market assessment on the temporary value of money and the specific risks that the asset being valued supports.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its recorded value, the value is reduced to its recoverable amount, immediately recognizing a impairment loss.

When an impairment loss is subsequently reversed, the asset value is increased to its recoverable amount, provided that the impairment loss does not exceed the value it would have if an impairment loss had never been acknowledged. This reversal is acknowledged within the period.

Key assumptions used in impairment testing

For the purposes of the impairment test, management has hired an independent appraiser who has estimated future flows of funds for the remaining service life of the trust.

The determination of the recoverable amount of the trust depends on the result of complex estimates that require the application of assumptions and professional judgment by the appraiser, which include:

(a) Wood flow

Wood flows are predicted by a five-step process, as follows:

- Stratify timber plantations
- Validation of growth and performance tables
- Design of performance scenarios
- Programming of wood supply
- Wood flow planning

(b) Land sales flow

According to the variations of the income approach, the valuation considered land sales in the following years:

- in the year of divestment

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- in year zero of the cash flow.
- (c) Operational and management costs
 - Forest costs: Forest costs refer to the amount directly spent to establish and cultivate the forest until it is ready for the final harvest.
 - General expenses: These costs relate to amounts spent on activities such as management, office maintenance, forest inventory, forest certification, vehicles, roads, forest protection, security and communications.
- (d) Wood price

These are the prices of the wood by assortment class, which are the expected prices of the wood at the sawmill door discounted from the company's average transport and harvest costs.

- (e) Land price and cost

It is the weighted average potential price of the land.

- (f) Determining the discount rate

The discount rate corresponds to the capital cost of the resources (debt and equity) used in the financing of net operating assets and is determined as the average cost of such sources of financing weighted by their relative share in the financial structure of the sector in which the Trust participates.

The WACC represents a weighted average cost of debt and of capital. The cash flows used in the discounted cash flow represent the cash flow that is available to both debt and equity holders. Therefore, the free cash flow is converted to present value through the application of a "WACC".

- (g) Sensitivity analysis

The Trust has applied sensitivity analysis to assess whether changes in the discount rate estimates, wood prices, forest and general costs, and land sales prices could cause an impairment that could be significant for the financial statements. The sensitivity analysis has not identified a significant impairment loss.

2.20 Continuity of accounting criteria

The criteria applied in the valuation of assets and liabilities, as well as in the determination of the outcome of the financial year ended December 31, 2020, are similar to the criteria applied in the financial year ended December 31, 2019,.

Note 3 - Opening of items

3.1 Inventories

| <i>Item</i> | USD | | Equivalent in UYU | |
|-------------|---------------|---------------|-------------------|------------------|
| | 12/31/2020 | 12/31/2019 | 12/31/2020 | 12/31/2019 |
| Wood | 58,752 | 20,464 | 2,487,521 | 763,462 |
| Herbicide | 4,914 | 6,681 | 208,077 | 249,273 |
| | 63,666 | 27,145 | 2,695,598 | 1,012,735 |

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3.2 Trade receivables and other accounts receivable

| <i>Item</i> | USD | | Equivalent in UYU | |
|-------------------|----------------|---------------|-------------------|------------------|
| | 12/31/2020 | 12/31/2019 | 12/31/2020 | 12/31/2019 |
| Trade receivables | 777,788 | 47,922 | 32,931,529 | 1,787,874 |
| Grazing debtors | - | 39,962 | - | 1,490,893 |
| | 777,788 | 87,884 | 32,931,529 | 3,278,767 |

3.3 Other non-financial assets

| <i>Item</i> | USD | | Equivalent in UYU | |
|---------------------------|----------------|----------------|-------------------|------------------|
| | 12/31/2020 | 12/31/2019 | 12/31/2020 | 12/31/2019 |
| Advancements to suppliers | 6,109 | - | 258,640 | - |
| Tax credits | 211,748 | 224,806 | 8,965,436 | 8,387,068 |
| Other sundry assets | - | 37,729 | - | 1,407,577 |
| | 217,857 | 262,535 | 9,224,076 | 9,794,645 |

3.4 Cash and cash equivalent

| <i>Item</i> | USD | | Equivalent in UYU | |
|-------------|----------------|---------------|-------------------|------------------|
| | 12/31/2020 | 12/31/2019 | 12/31/2020 | 12/31/2019 |
| Banks | 628,192 | 38,665 | 26,597,669 | 1,442,524 |
| | 628,192 | 38,665 | 26,597,669 | 1,442,524 |

3.5 Trade accounts and other accounts payable

| <i>Item</i> | USD | | Equivalent in UYU | |
|------------------------|----------------|----------------|-------------------|-------------------|
| | 12/31/2020 | 12/31/2019 | 12/31/2020 | 12/31/2019 |
| Trade creditors | 395,372 | 181,528 | 16,740,041 | 6,772,452 |
| Fiscal creditors | 62,152 | 13,470 | 2,631,568 | 502,552 |
| Other accounts payable | 41,822 | 99,434 | 1,770,731 | 3,709,680 |
| | 499,347 | 294,432 | 21,142,340 | 10,984,684 |

3.6 Loans and liabilities - current and non-current

| <i>Item</i> | USD | | Equivalent in UYU | |
|-------------|------------------|------------------|--------------------|-------------------|
| | 12/31/2020 | 12/31/2019 | 12/31/2020 | 12/31/2019 |
| Bank loan | 2,519,610 | 1,400,000 | 106,680,267 | 52,231,200 |
| | 2,519,610 | 1,400,000 | 106,680,267 | 52,231,200 |

The bank loan corresponds to a loan in U.S. dollars taken from a local bank for an amount of USD 2,000,000, equivalent to UYU 84,680,000 as of December 31, 2020, and for USD 1,400,000, equivalent to UYU 52,231,200 as of December 31, 2019, to be paid in four equal semi-annual installments starting in June 2022.

On the other hand, a bank loan in U.S. dollars taken from a local bank for an amount of USD 500,000, equivalent to UYU 21,170,000 as of December 31, 2020, to be paid in one installment in January 2021.

Accrued and unpaid interests at the date of these financial statements amount to USD 19,610 equivalent to UYU 830,267.

The report dated March 29, 2021 is attached hereto.

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3.7 Operating Incomes

| <i>Item</i> | USD | | Equivalent in UYU | |
|--------------------------|------------------|------------------|--------------------|-------------------|
| | 12/31/2020 | 12/31/2019 | 12/31/2020 | 12/31/2019 |
| Income from sale of wood | 4,068,318 | 1,630,434 | 172,135,458 | 57,621,002 |
| Grazing income | 130,236 | 135,567 | 5,490,575 | 4,811,755 |
| Income for quarries | - | 9,591 | - | 334,595 |
| | 4,198,554 | 1,775,592 | 177,626,033 | 62,767,352 |

3.8 Administration and selling expenses

| <i>Item</i> | USD | | Equivalent in UYU | |
|------------------------|------------------|----------------|-------------------|-------------------|
| | 12/31/2020 | 12/31/2019 | 12/31/2020 | 12/31/2019 |
| Forestry operator fees | 512,634 | 472,809 | 21,578,761 | 16,733,151 |
| Other fees | 194,321 | 170,093 | 8,114,316 | 6,038,241 |
| Field Expenses | 184,756 | 172,829 | 7,686,115 | 6,054,302 |
| Taxes | 72,543 | 96,136 | 3,064,272 | 3,440,856 |
| Sundry | 20,245 | 23,628 | 856,605 | 848,604 |
| Insurance | 51,286 | 39,023 | 2,155,102 | 1,389,047 |
| | 1,035,785 | 974,518 | 43,455,171 | 34,504,201 |

3.9 Financial results

| <i>Item</i> | USD | | Equivalent in UYU | |
|---------------------------|---------------|---------------|-------------------|------------------|
| | 12/31/2020 | 12/31/2019 | 12/31/2020 | 12/31/2019 |
| Interests earned | - | 541 | - | 17,592 |
| Translation difference | 147,750 | 109,460 | 5,883,989 | 3,815,477 |
| Interests on loans | (77,926) | (56,612) | (3,283,536) | (2,012,315) |
| Interest and bank charges | (12,451) | (9,046) | (522,745) | (320,550) |
| | 57,373 | 44,343 | 2,077,708 | 1,500,204 |

3.10 Sundry profits and losses

| <i>Item</i> | USD | | Equivalent in UYU | |
|----------------------------|----------------|------------|-------------------|------------|
| | 12/31/2020 | 12/31/2019 | 12/31/2020 | 12/31/2019 |
| Result for land assessment | 718,958 | - | 30,440,682 | - |
| | 718,958 | - | 30,440,682 | - |

The report dated March 29, 2021 is attached hereto.

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Note 4 - Biological assets - Plantations

The biological assets are composed of forest plantations located mainly in the departments of Cerro Largo, Lavalleja and Florida; they are composed mainly by the Eucalyptus grandis, aaligna, dunii and globulus species, and as of December 31, 2020, they comprised 5,474 hectares planted on an area of approximately 9,500 hectares (5,564 hectares planted as of December 31, 2019,).

The evolution of the biological asset in the year ended December 31, 2020, and December 31, 2019, is detailed below:

| | USD | | Equivalent in UYU | |
|---|-------------------|-------------------|----------------------|----------------------|
| | 12/31/2020 | 12/31/2019 | 12/31/2020 | 12/31/2019 |
| Balance at start | 29,398,906 | 19,555,276 | 1,096,814,385 | 633,708,274 |
| Cost increase incorporated into biological assets | 371,026 | 567,674 | 15,668,522 | 19,910,720 |
| Reduction by harvest of biological assets | (406,129) | - | (17,466,789) | - |
| Change in the fair value of biological assets | 2,914,020 | 9,275,956 | 123,379,607 | 346,067,360 |
| Adjustment for translation | - | - | 148,247,298 | 97,128,031 |
| | 32,277,823 | 29,398,906 | 1,366,643,023 | 1,096,814,385 |

The report dated March 29, 2021 is attached hereto.

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Note 5 - Property, plant and equipment

The composition of property, plant and equipment is as follows:

In US dollars:

| | 12/31/2020 | | | | | | | | | | 12/31/2019 |
|--------------|-------------------|----------------|-----------|-------------------|----------------|--------------|-----------|----------------------------|------------------------|-------------------|-------------------|
| | Source values | | | | Depreciations | | | | | Net values | Net values |
| | Initial Values | Revaluation | Increases | Closing values | Accumulated | For the year | Write off | Adjustment for translation | Accumulated at closing | | |
| Lands | 20,710,441 | 718,958 | - | 21,429,399 | - | - | - | - | - | 21,429,399 | 20,710,441 |
| Improvement | 12,380 | - | - | 12,380 | (1,638) | (460) | - | - | (2,098) | 10,282 | 10,742 |
| TOTAL | 20,722,821 | 718,958 | - | 21,441,779 | (1,638) | (460) | - | - | (2,098) | 21,439,681 | 20,721,183 |

Equivalent in Uruguayan pesos

| Item | 12/31/2020 | | | | | | | | | | 12/31/2019 |
|--------------|--------------------|-------------------|----------------------------|--------------------|------------------------------|-----------------|-----------|----------------------------|------------------------|--------------------|--------------------|
| | Source values | | | | Depreciations | | | | | Net values | Net values |
| | Initial Values | Revaluation | Adjustment for translation | Closing values | Accumulated at the beginning | For the year | Write off | Adjustment for translation | Accumulated at closing | | |
| Lands | 772,665,1 | 30,440,682 | 104,214,940 | 907,320,755 | - | - | - | - | - | 907,320,755 | 772,665,133 |
| Improvement | 461,8 | - | 62,297 | 524,176 | (61,112) | (19,422) | - | (8,284) | (88,818) | 435,358 | 400,767 |
| TOTAL | 773,127,012 | 30,440,682 | 104,277,237 | 907,844,931 | (61,112) | (19,422) | - | (8,284) | (88,818) | 907,756,113 | 773,065,900 |

The report dated March 29, 2021 is attached hereto.

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Note 6 - Assets and liabilities in non-functional currency

The financial statement includes the following balances in currencies other than the reporting currency:

| | December 31, 2020 | | December 31, 2019 | |
|--|---------------------|--------------------|---------------------|--------------------|
| | UYU | Equivalent in USD | UYU | Equivalent in USD |
| Assets | | | | |
| Current Assets | | | | |
| Other non-financial assets | 9,224,063 | 217,857 | 8,387,068 | 224,806 |
| Cash and cash equivalents | 12,287 | 290 | 153,527 | 4,115 |
| Total | 9,236,350 | 218,147 | 8,540,595 | 228,921 |
| Total assets | 9,236,350 | 218,147 | 8,540,595 | 228,921 |
| Liabilities | | | | |
| Non-current liabilities | | | | |
| Deferred tax | (73,327,016) | (1,731,862) | (46,915,870) | (1,257,528) |
| Total | (73,327,016) | (1,731,862) | (46,915,870) | (1,257,528) |
| Current liabilities | | | | |
| Trade creditors and other accounts payable | (16,510,560) | (389,952) | (3,941,110) | (105,637) |
| Total | (16,510,560) | (389,952) | (3,941,110) | (105,637) |
| Total liabilities | (89,837,576) | (2,121,813) | (50,856,980) | (1,363,166) |
| Net position | (80,601,226) | (1,903,666) | (42,316,385) | (1,134,244) |

The U.S. dollar exchange rate as of December 31, 2020, is UYU 42.34. As of December 31, 2019, the U.S. dollar exchange rate was UYU 37.308.

Note 7 - Equity

The participation certificates issued by the Trust amount to USD 50,000,000 in nominal values (equivalent to UYU 931,350,000).

The balance of equity adjustments includes the revaluation of property, plant and equipment net of the deferred tax effect, amounting to USD 0 and equivalent to UYU 0, as of December 31, 2020, and as of December 31, 2019, it amounts to a loss of USD 9,037,475 (equivalent to UYU 344,585,660). It also includes the reserve for the translation of the assets when presenting the financial statements in Uruguayan pesos. which on December 31, 2020 amounts to UYU 1,140,631,668, and on December 31, 2019 amounts to UYU 900,850,407.

Note 8 - Commitments assumed

As of December 31, 2020 the Trust entered into commitments for grazing contracts amounting to USD 65,365 for 8,110 grazed hectares.

Note 9 – Balances and transactions with related parties

a) Trade account and other accounts payable balances with related parties are composed as follows:

| | USD | | UYU | |
|--------------------------|----------------|---------------|------------------|------------------|
| | 12/31/2020 | 12/31/2019 | 12/31/2020 | 12/31/2019 |
| Agroempresa Forestal S.A | (5,499) | 89,410 | (232,842) | 3,335,708 |
| | (5,499) | 89,410 | (232,842) | 3,335,708 |

b) Transactions with related parties are composed as follows:

| | USD | | UYU | |
|--------------------------|----------------|----------------|-------------------|-------------------|
| | 12/31/2020 | 12/31/2019 | 12/31/2020 | 12/31/2019 |
| Accrued fees | | | | |
| Agroempresa Forestal S.A | 512,634 | 472,809 | 21,578,761 | 16,733,151 |
| | 512,634 | 472,809 | 21,578,761 | 16,733,151 |

Note 10 - Financial Risk Management

The main types of risks to which the financial instruments of the Trust and their management policies are exposed, are detailed below.

10.1 Credit Risk

Credit risk is the risk of financial loss faced by the Trust if a debtor or counterparty in a financial instrument fails to meet its contractual obligations.

The Trust is exposed to a low risk since the financial instruments in which it can invest have the same restrictions that Pension Savings Funds.

The risk of trade credits is concentrated in approximately four debtors that pay off timber sales and and with no history of uncollectibility.

10.2 Liquidity risk

Liquidity risk is the risk that the Trust might not be able to meet its financial obligations as they expire. Its main obligation is the cancellation of participation certificates. In accordance with Note 1, such certificates give holders the right to participate in the revenue.

The Trust is not significantly exposed to this risk under the business plan established in the Trust Agreement and the limitations on the assets to be invested.

10.3 Market risk

Market risk is the risk that changes in market prices, for example, in the exchange rate and interest rates, will affect the income of the Trust or the value of the financial instruments held.

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a) Currency Risk

The Trust is exposed to this risk because of its monetary position in pesos (Note 6). The Trust's sensitivity to a 10% increase and decrease in the Uruguayan peso against the US dollar is detailed below. The sensitivity analysis included outstanding monetary items in foreign currency. With a 10% strengthening of the Uruguayan peso against the US dollar the comprehensive income for the period would increase USD 173,058 equivalent to UYU 8,060,016. If a weakening of 10% were to occur, the comprehensive income for the period would be reduced by USD 211,516 equivalent to UYU 8,060,016.

b) Interest Rate Risk

The Trust is exposed to low interest rate risk. The debt is at a fixed rate.

c) Price risk

It is the risk that changes in market prices relevant to the activity to be developed will affect the income of the Trust or the value of the financial and non-financial instruments held. The main assets exposed to this risk at the end of each financial year are as follows:

| | USD | | Equivalent in UYU | |
|--------------------------------------|-------------------|-------------------|----------------------|----------------------|
| | 12/31/2020 | 12/31/2019 | 12/31/2020 | 12/31/2019 |
| Inventory | 63,666 | 27,145 | 2,695,598 | 1,012,735 |
| Property, plant and equipment (Land) | 21,429,399 | 20,710,441 | 907,320,755 | 772,665,173 |
| Biological assets | 32,277,823 | 29,398,906 | 1,366,643,023 | 1,096,814,385 |
| | 53,770,888 | 50,136,493 | 2,276,659,376 | 1,870,492,293 |

Note 11 – Post-reporting date events

In the first quarter of 2020, the Coronavirus COVID-19 virus, declared a pandemic by the World Health Organization (WHO) in March 11, 2020, has spread to our region. The extraordinary measures taken nationally and internationally to contain the pandemic have significantly affected national and global economic activity. In addition, the evolution of the pandemic is highly uncertain and, as a result, so are future containment measures, their duration and impact on future economic activity.

This context could eventually affect the short-term volatility of the market values observed for some assets relevant to the Trust (Land). Notwithstanding the foregoing, as stated in Note 1, the Trust Agreement provides for a 30-year business plan, therefore, fluctuations in reasonable short-term values would not necessarily affect the performance value of the main assets (land) once they are liquidated at the end of the contractual term.

The values of assets and liabilities were calculated as required by the applicable accounting standards, based on the conditions existing at the year-end date, and, therefore, in an economic context prior to the arrival of the aforementioned pandemic in the national territory. At the date of issuance of these financial statements it is not possible to reliably estimate the impact that the duration and/or severity of these developments will have on the financial results and on the condition of the Trust in future periods.

Except for the foregoing, as of the submittal date of these financial statements, there are no facts which might significantly impact the existing situation as of December 31, 2020.

The report dated March 29, 2021 is attached hereto.

Deloitte S.C.

