



FIDEICOMISO FINANCIERO FORESTAL BOSQUES DEL URUGUAY I

Financial statements for the year ended December 31, 2021, and
independent auditor's report

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independent auditor's report

Contents

Independent Auditor's Report

Statement of Financial Position

Statement of Comprehensive Income

Statement of Cash Flow

Statement of Changes in Equity

Notes to the Financial Statements

Independent Auditor's Report

To 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 U.S. dollars of the Trust Fideicomiso Financiero Forestal Bosques del Uruguay I; which comprise the statement of financial position as at December 31, 2021, the statement of comprehensive income, cash flow, and changes in equity for the year then ended, as well as the notes about significant accounting policies and other explanatory notes attached to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Fideicomiso Financiero Forestal Bosques del Uruguay I as at December 31, 2021, its financial performance and its cash flows for the year then ended in accordance with the International Financial Reporting Standards (IFRS).

Basis for Opinion

We 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 section 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 for the current year. 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.

Fair Value Measurement of Tangible Assets

As described in notes 2.9 and 2.11, as at December 31, 2021, the Trust's biological assets and lands amount to a total net book value of approximately USD 37.3 million and USD 28.5 million, respectively.

To determine the fair value of land and forests, the Trustee, with the assistance of independent appraisers (see Notes 2.9 and 2.11), has chosen the income approach (net present value technique) as the valuation technique. Determining such values requires the application of assumptions and professional judgment (IFRS 13 Fair Value Measurement categorized within Level 3) by the Management.

The main assumptions and opinions described in Note 2.19, are the following: wood flow, land sale flow, operating 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:

- We analyzed and evaluated the processes established by the Management, in order to appoint independent appraisers.
- We evaluated the technical suitability of the appraisers and their professional independence.
- We cross-checked the relevant underlying data used in the valuation report with external sources (specialized land price publications) and for land tracts so that these were consistent with the supporting land acquisition documentation (Notarial Deeds of Purchase and Sale).
- With regard to the discounted cash flows, we analyzed the key assumptions. We used experts, who analyzed the reasonableness of the methodology and the estimated fair values.

Other Matters

Our audit also included the revision of the translation of figures in U.S. 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.

Board's Responsibility for the Financial Statements

The Board of EF Asset Management Administradora de Fondos de Inversión S.A, trustee of the Trust, is responsible for the preparation and fair presentation of the financial statements in accordance with the International Financial Reporting Standards, and for such internal control as the Board determines is necessary to enable the preparation of financial statements that are 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, as applicable, matters related to going concern and using the ongoing concern basis of accounting unless the Board either intends to liquidate the Trust, or to cease operations, or has no realistic 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 that includes our opinion. Reasonable assurance is a high level of assurance, but it is not a guarantee that an audit conducted in accordance with the ISAs will always detect material misstatements, if any. Misstatements may arise from fraud or error, and are considered material (significant) if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial statements.

As part of an audit in accordance with the ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risk of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trust's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of the accounting estimates and related disclosures made by the Board.
- Conclude on the appropriateness of the Board's use of the going concern basis of accounting 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 a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to 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 Trust to cease to continue as a going concern.
- 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 achieves fair presentation.

We also provide the Board with a statement that we have complied with the relevant ethical requirements regarding independence, and disclosed all our relationships and other matters that could reasonably be thought to bear on our independence, and where applicable, the related safeguards.

From the matters 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, the key audit matters. We describe such matters in our 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 communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Among other matters, we communicated with the Board, among other matters, 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 identify during our audit.

March 30, 2022



Héctor Cuello

Partner, Deloitte S.C.



Fideicomiso Financiero Forestal Bosques del Uruguay

Statement of financial position as at December 31, 2021

(in U.S. dollars and Uruguayan pesos)

Assets	Notes	USD		Equivalent in UYU	
		12/31/2021	12/31/2020	12/31/2021	12/31/2020
Non-current assets					
Property, plant and equipment	5	28,473,037	21,439,681	1,272,602,380	907,756,113
Biological assets-plantations	4	37,286,986	32,277,823	1,666,541,861	1,366,643,023
Total non-current assets		65,760,023	53,717,504	2,939,144,241	2,274,399,136
Current assets					
Inventories	3.1	324,246	63,666	14,492,155	2,695,598
Trade receivables and other accounts receivable	3.2	1,339,368	777,788	59,863,067	32,931,529
Other non-financial assets	3.3	236,884	217,857	10,587,590	9,224,076
Cash and cash equivalent	3.4	158,061	628,192	7,064,517	26,597,669
Total current assets		2,058,559	1,687,503	92,007,329	71,448,872
Total assets		67,818,582	55,405,007	3,031,151,570	2,345,848,008
Equity					
Participation certificates	7	50,000,000	50,000,000	931,350,000	931,350,000
Translation reserve	7	-	-	1,259,941,435	1,140,631,668
Retained earnings		11,592,562	654,189	561,588,146	72,716,717
Total equity		61,592,562	50,654,189	2,752,879,581	2,144,698,385
Liabilities					
Non-current liabilities					
Loans and liabilities	3.6	1,000,000	2,000,000	44,695,000	84,680,000
Deferred tax	2.15	2,598,200	1,731,861	116,126,549	73,327,016
Total non-current liabilities		3,598,200	3,731,861	160,821,549	158,007,016
Current liabilities					
Loans and liabilities	3.6	1,469,965	519,610	65,700,104	22,000,267
Trade payables and other accounts payable	3.5	1,157,855	499,347	51,750,336	21,142,340
Total current liabilities		2,627,820	1,018,957	117,450,440	43,142,607
Total liabilities		6,226,020	4,750,818	278,271,989	201,149,623
Total liabilities and equity		67,818,582	55,405,007	3,031,151,570	2,345,848,008

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

The report dated March 30, 2022 is
attached hereto.
Deloitte S.C.

Statement of comprehensive income
for the year ended December 31, 2021

(in U.S. dollars and Uruguayan pesos)

	Notes	USD		Equivalente in UYU	
		12/31/2021	12/31/2020	12/31/2021	12/31/2020
Operating income	3.7	3,489,401	4,198,554	153,611,603	177,626,033
Change in the fair value of biological assets	4	5,507,485	2,914,020	246,157,037	123,379,607
Cost of goods sold		(2,942,329)	(3,157,930)	(130,489,228)	(134,012,962)
Gross result		6,054,557	3,954,644	269,279,412	166,992,678
Administrative and selling expenses	3.8	(1,180,211)	(1,035,785)	(51,478,429)	(43,455,171)
Financial results	3.9	(12,544)	57,373	(506,382)	2,077,708
Sundry profit or loss	3.10	7,033,815	718,958	314,376,361	30,440,682
Profit or loss for the year before income tax		11,895,617	3,695,190	531,670,962	156,055,897
Income tax	2.15	(957,244)	(625,359)	(42,799,533)	(26,415,976)
Profit or loss for the year		10,938,373	3,069,831	488,871,429	129,639,921
Other comprehensive income for the year					
Items that will not to be reclassified to profit or loss					
Revaluation of property, plant and equipment	5	-	-	-	-
Deferred tax associated with revaluation of property, plant and equipment	2.15	-	-	-	-
Items that may be subsequently reclassified to profit or loss:					
Translation reserve		-	-	119,309,767	239,781,262
Comprehensive income for the year		10,938,373	3,069,831	608,181,196	369,421,183

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

The report dated March 30, 2022 is
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Deloitte S.C.

Statement of cash flow for the year ended December 31, 2021

(in U.S. dollars and Uruguayan pesos)

Notes	USD		Equivalent in UYU	
	12/31/2021	12/31/2020	12/31/2021	12/31/2020
Cash flow from operating activities				
Profit or loss for the year from continuing operations before income tax	11,895,617	3,695,190	531,670,962	156,055,897
Adjustments				
Unpaid accrued interests	3.6	19,965	19,610	892,354
Depreciations	5	460	460	20,027
Costs of sales of standing trees	4	736,009	406,129	32,895,922
Result for land assessment	3.10	(7,033,815)	(718,958)	(314,376,361)
Changes in the fair value of biological assets	4	(5,507,485)	(2,914,020)	(246,157,037)
		110,751	488,411	4,945,867
Changes in assets and liabilities				
Trade receivables and other accounts receivable		(561,579)	(689,905)	(24,438,514)
Inventories		(260,580)	(36,521)	(11,339,789)
Other non-financial assets		(19,028)	44,678	(828,051)
Trade payables and other accounts payable		567,603	53,890	24,700,664
Translation adjustments			-	409,971
Net flow from operating activities		(162,833)	(139,447)	(6,549,852)
Cash flow applied to investing activities				
Incurring costs in biological assets	4	(237,688)	(371,026)	(10,380,180)
Net flow applied to investing activities		(237,688)	(371,026)	(10,380,180)
Cash flow applied to financing activities				
Loans and liabilities		(69,610)	1,100,000	(2,747,939)
Net flow applied to financing activities		(69,610)	1,100,000	(2,747,939)
Changes in cash flow and cash equivalent		(470,131)	589,527	(19,677,971)
Opening balance cash and cash equivalent		628,192	38,665	26,597,669
Effects associated with the maintenance and translation of cash and equivalents			144,819	254,580
Closing balance cash and cash equivalent		158,061	628,192	7,064,517

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

The report dated March 30, 2022 is attached hereto. Deloitte S.C.

Fideicomiso Financiero Forestal Bosques del Uruguay

Statement of changes in equity
for the year ended December 31, 2021
(in U.S. dollars)

	Notes	PARTICIPATION CERTIFICATES	REVALUATION RESERVE	RETAINED EARNINGS	TOTAL EQUITY
Balance at December 31, 2019		50,000,000	(9,037,475)	6,621,833	47,584,358
Profit or loss for the year		-	-	3,069,831	3,069,831
Revaluation of property, plant and equipment, net of deferred tax	7	-	9,037,475	(9,037,475)	-
Balance at December 31, 2020		50,000,000		654,189	50,654,189
Profit or loss for the year		-	-	10,938,373	10,938,373
Revaluation of property, plant and equipment, net of deferred tax	7	-	-	-	-
Balance at December 31, 2021		50,000,000	-	11,592,562	61,592,562

Statement of changes in equity
for the year ended December 31, 2021
(in Uruguayan pesos)

	Notes	PARTICIPATION CERTIFICATES	REVALUATION RESERVE	TRANSLATION RESERVE	RETAINED EARNINGS	TOTAL EQUITY
Balance at December 31, 2019		931,350,000	(344,585,659)	900,850,406	287,662,455	1,775,277,20
Profit or loss for the year		-	-	-	129,639,921	129,639,921
Revaluation of property, plant and equipment, net of deferred tax	7	-	344,585,659	-	(344,585,659)	-
Translation reserve	7	-	-	239,781,262	-	239,781,262
Balance at December 31, 2020		931,350,000		1,140,631,668	72,716,717	2,144,698,38
Profit or loss for the year		-	-	-	488,871,429	488,871,430
Revaluation of property, plant and equipment, net of deferred tax	7	-	-	-	-	-
Translation reserve	7	-	-	119,309,767	-	119,309,766
Balance at December 31, 2021		931,350,000	-	1,259,941,435	561,588,146	2,752,879,58

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

The report dated March 30, 2022 is
attached hereto.
Deloitte S.C.

Fideicomiso Financiero Forestal Bosques del Uruguay

Notes to the financial statements for the year ended December 31, 2021

Note 1 - Basic Information on Fideicomiso Forestal Bosques del Uruguay

On May 6, 2011, the Trust Fideicomiso Financiero Forestal Bosques del Uruguay was established on agreement, by the execution 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 Trustors in their capacity as Initial Underwriters of the Securities, under the conditions set out in the Agreement and to fulfil the purposes thereof.

The Trustee invested the funds from the placement of the Securities (Participation Certificates) 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 shall meet.

The Trustee appoints the Manager, through the Management Agreement, to fulfill the task of managing the assets of the Trust and to implement the Business Plan, related to this Trust and the Management 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 Pension Savings Funds.

The equity of the Trust shall consist of its assets and all economic rights, present and future, generated by them. It shall be destined solely and exclusively for the purposes intended, and only the rights and actions related to such assets may be exercised with respect thereto.

On August 5, 2011, EFAM issued on behalf of the Trust, book-entry Participation Certificates, with a face value of USD 50,000,000 (fifty million U.S. dollars).

Participation Certificates shall give the Holders rights of participation according to the financial performance of the Trust, in accordance with the terms and conditions provided.

The Trust shall remain in full force for a maximum of 30 years, or until all its assets are liquidated and all its liabilities are paid off.

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.

In accordance with Article 330 of the Central Bank of Uruguay's Compilation of Securities Market Standards, the Trust closes its accounting period and fiscal year on December 31 of each year. The statement of comprehensive income, the statement of changes in equity, and the statement of cash flow, are presented for the year ended December 31, 2021. 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, 2022.

Note 2 - Basis of Preparation and Significant Accounting Policies

2.1 Accounting standards applied

These 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.

2.1.1 New standards, interpretations and amendments whose mandatory application began in the current fiscal year

The accounting policies applied by the Trust for the preparation and presentation of these financial statements are the same as those applied by the Trust in its financial statements as at December 31, 2020 and for the year then ended, except for the adoption of new standards effective as at January 1, 2021. The Trust did not adopt in advance other standards, interpretations or amendments that have been issued but are not yet effective.

During the current fiscal year, the following new and/or revised standards issued by the IASB became effective.

- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16: Interest Rate Benchmark Reform- phase 2.

The application of these new standards had no significant impact on the financial statements of the Trust.

2.1.2 New and revised standards, interpretations and amendments published whose application is not yet mandatory

As at the date of approval of these financial statements, the standards and interpretations issued by the IASB that are not yet effective for periods beginning on January 1, 2021, and that were not early adopted by the Trust are as follows:

- IFRS 17 Insurance Contracts. (1)
- Amendment to IAS 1 - Classification of Liabilities as Current or Non-current. (1)
- IAS 8 Definition of Accounting Estimates. (1)
- IAS 1 Disclosure of Accounting Policies. (1)
- IAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction. (1)
- Amendment to IFRS 3 - update of references to the Conceptual Framework. (2)
- Property, Plant and Equipment - Proceeds Before Intended Use amendment to IAS 16. (2)
- Onerous Contracts - Cost of Fulfilling a Contract - Amendments to IAS 37. (2)
- IFRS 1 First-time Adoption of IFRS - Subsidiaries as a First-time Adopter. (2)
- IFRS 9 Financial Instruments - Fees in the '10%' Test for Derecognition of Financial Liabilities. (2)
- IAS 41 Agriculture - Taxation in Fair Value Measurement. (2)
- Amendment to IFRS 16: COVID-19-Related Rent Concessions. (3)

(1) Effective for annual periods beginning on or after January 1, 2023.

(2) Effective for annual periods beginning on or after January 1, 2022.

(3) Effective for annual periods beginning on or after April 1, 2021 - Earlier application is permitted.

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

The following are the main accounting policies applied:

2.2 Functional currency and criteria used for the translation of financial statements into Uruguayan pesos

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

A currency may be deemed functional in accordance with the standard when:

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

The U.S. dollar is the functional currency of the Trust as its main income and expenses are denominated in that currency.

The Uruguayan peso shall be the reporting currency of its financial statements in order to comply with the legal and fiscal provisions in force.

In accordance with such regulations, to translate the Trust's financial statements from the functional currency into 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 fiscal year results, at the closing exchange;
- recognize translation gains and losses directly in other comprehensive Incomes without affecting the fiscal year results.

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

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

2.3 Balances in currencies other than the functional currency

Assets and liabilities in currencies other than the functional currency are valued at year-end exchange rates. Exchange differences are recognized in the results. Balances of assets and liabilities denominated in nonfunctional 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, and subsequently measured at amortized cost. In all cases, these amounts were adjusted as expressed in the preceding item.

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.

2.7 Trade receivables and other accounts receivable

Trade receivables and other accounts receivable are presented at their amortized cost using the effective interest method. The Trust Management has not established 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, therefore 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 statement of financial position at their fair value.

The Trust annually determines the value of its timber plantations according to a valuation of its forests carried out by independent forest experts. The fair value of timber plantations has been estimated by the independent appraiser through current value techniques of estimated fund flows, combining expectation and income approach techniques.

On the basis of the methodology described, the independent appraiser has determined that the fair value of biological assets as at December 31, 2021, amounts to USD 37,286,986, equivalent to UYU 1,666,541,861, while as at December 31, 2020, it amounted to USD 32,277,823, equivalent to UYU 1,366,643,023.

To this end, the following elements have been considered:

- the representative prices estimated for the fiscal year of the projection
- variable and fixed annual costs related to timber production
- an estimated discount rate based on a capital asset price model, which amounts to 7.5% (as at December 31, the valuation considered a rate of 8%).

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

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

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

2.10 Inventories

Inventories are valued at acquisition cost.

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

The Trust estimates that the accounting values of the inventories do not exceed their net realizable value.

2.11 Property, plant and equipment

The composition and evolution of property, plant and equipment balances during the fiscal year ended December 31, 2021, is set out in Note 5 of these financial statements.

In accordance with the terms of the agreement, an assessment of the lands was carried out by an independent appraiser on December 31, 2021. The book value of the lands at this date was adjusted to the values provided in the

report issued by such expert, which amounts to USD 28,463,214, equivalent to UYU 1,272,163,350, and as at December 31, 2020, amounted to USD 21,429,399, equivalent to UYU 907,320,755.

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

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

Improvements are included at their historical acquisition cost in U.S. dollars, deducting the corresponding accumulated depreciation. During the third quarter of 2020, a change of valuation of the service life of the Improvements 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 at 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 estimates that the net book value of the assets does not exceed their use value and that no loss has occurred due to deterioration of the property, plant and equipment.

Depreciations for the fiscal year have been charged to administration and sales expenses.

2.12 Accrual basis and recognition of income

Income is recognized when gained and losses when incurred, regardless of when they are collected or paid, respectively. Income in general is recognized 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 rendered 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 such services can be reliably determined.

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

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

2.13 Capital concept used

The difference in value of equity as at December 31, 2021, with respect to the amount of capital to be maintained has been considered as the result for the year. The concept of capital used is that of financial capital.

2.14 Funds concept

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

2.15 Taxes, current income tax and deferred tax

The Trust is subject to VAT, Income Tax on Economic Activities (IRAE for its acronym in Spanish) and Wealth Tax. It is also a withholding agent for the Personal Income Tax.

The Trust is subject to IRAE for all income generated in Uruguay not included in the exemptions granted by Law No. 15,939 for the promotion of the forestry sector.

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

Regarding the aforementioned tax, in 2013 Law No. 19,088 amended the exemption that regulates the agricultural sector and applied a surcharge to those taxpayers. Decree No. 293/013, which regulates such Law, introduced an amendment extending the exemption of the Wealth Tax to trusts, which already existed for certain listed companies. This exemption is applicable for five fiscal years since the creation of the trust.

Therefore, for the fiscal year ended on December 31, 2021, the Trust does not enjoy such exemption on the Wealth 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 wealth 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 their natural state for the purpose of their sale. Therefore, 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 their exploitation. However, as provided by Law No. 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.

Likewise, the Trust determines the amount of income tax by the deferred tax method, which consists in the recognition (as credit or debit) of the tax effect on 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 for the year in which their reversal occurs.

Income tax

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

	USD		Equivalent in UYU	
	12/31/2021	12/31/2020	12/31/2021	12/31/2020
Current tax expense	-	(114)	-	(4,830)
Deferred tax loss	(957,244)	(625,245)	(42,799,533)	(26,411,146)
	(957,244)	(625,359)	(42,799,533)	(26,411,146)

b. Deferred income tax

Assets and liabilities that generate temporary differences are attributable according to the following detail:

	USD		Equivalent in UYU	
	12/31/2021	12/31/2020	12/31/2021	12/31/2020
Property, plant and equipment - Lands	524,573	(75,986)	(3,217,228)	(6,630,262)
Property, plant and equipment - Other agribusiness assets	(108)	(38)	(1,625)	2,055
Biological assets	2,073,735	1,807,885	92,685,572	76,545,869
Deferred tax liabilities	2,598,200	1,731,861	116,126,549	73,327,016

c. Deferred tax movements for the year

	USD				
	Balance at 12/31/2020	Income adjustment	Translation effect	Equity adjustment	Balance at 12/31/2021
Property, plant and equipment - Lands	(75,986)	596,338	4,221	-	524,573
Property, plant and equipment - Other agribusiness assets	(38)	(71)	1	-	(38)
Biological assets	1,807,885	447,178	(95,127)	-	2,073,735
Deferred tax liabilities	1,731,861	957,244	(90,905)	-	2,598,200

	Equivalent in UYU				
	Balance at 12/31/2020	Income adjustment	Translation adjustments	Equity adjustment	Balance at 12/31/2021
Property, plant and equipment - Lands	(3,217,228)	26,663,010	-	-	24,445,782
Property, plant and equipment - Other agribusiness assets	(1,625)	(3,181)	-	-	(4,806)
Biological assets	76,545,86	16,139,703	-	-	92,685,572
Deferred tax liabilities	73,327,016	42,799,533	-	-	116,126,549

d. Reconciliation of income tax expense and accounting profit

	12/31/2021		12/31/2020	
	USD	Equivalent in UYU	USD	Equivalent in UYU
Accounting profit before IRAE	11,895,617	531,670,962	3,695,190	156,055,897
	25%	25%	25%	25%
Income tax at applicable rate	(2,973,904)	(132,917,741)	(923,798)	(39,013,974)
<u>Adjustments that do not generate temporary difference:</u>				
Non-taxable income	3,921,254	170,643,187	836,209	33,301,117
Expenses associated to non-taxable income	(2,112,096)	(91,913,104)	(853,003)	(33,969,981)
Tax losses	141,916	6,175,836	(73,462)	(2,925,546)
Other net concepts	65,586	5,212,289	388,695	16,192,408
	(957,244)	42,799,533	(625,359)	(26,415,976)

2.16 Provisions

Provisions are financially recognized 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 for this fiscal 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 lands (Note 2.11) and biological assets (Note 2.9).

The methods used to determine the fair value require to make estimates and assumptions, based on objective information and knowledge of the business. Such estimates are highly sensitive, and each of their variation may determine a significant variation in the fair values recognized in the financial statements for biological assets. It is for this reason that 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 such estimates and assumptions could significantly modify the balance of assets and liabilities accounted for deferred income tax in the year in which such modifications take place. Deferred tax assets and liabilities are not discounted.

Deferred tax assets are reviewed at each reporting date and are not recognized 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 recognized in the statement of financial position, 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 Fair value of tangible assets

At each year-end, the Trust hires an independent appraiser to determine the fair value of the tangible assets.

Key assumptions used to determine the fair value of tangible assets

In order to determine the fair value of tangible assets, Management has hired an independent appraiser who has estimated future flows of funds for the remaining life of the Trust.

Fair value measurement 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:

- Stratifying timber plantations
- Validating growth and yield performance tables
- Designing 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
- in year zero of the cash flow.

(c) Operating 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 expenses are related 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 wood by assortment class, which are the expected prices of 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 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 Weighted Average Cost of Capital (WACC) represents a weighted average cost of debt and equity. The cash flows used in the discounted fund flows 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 a difference that could be significant for the financial statements. The sensitivity analysis has not identified any significant differences in fair value.

2.20 Continuity of accounting criteria

The criteria applied in the valuation of assets and liabilities, as well as in the determination of the financial results for the fiscal year ended December 31, 2021, are similar to the criteria applied for the fiscal year ended December 31, 2020.

Note 3 - Opening of Items

3.1 Inventories

<i>Item</i>	USD		Equivalent in UYU	
	12/31/2021	12/31/2020	12/31/2021	12/31/2020
Wood	308,954	58,752	13,808,667	2,487,521
Herbicide	14,294	4,914	638,865	208,077
Fertilizer	998	-	44,623	-
	324,246	63,666	14,492,155	2,695,598

3.2 Trade receivables and other accounts receivable

<i>Item</i>	USD		Equivalent in UYU	
	12/31/2021	12/31/2020	12/31/2021	12/31/2020
Trade receivables	1,388,787	777,788	59,837,120	32,931,529
Grazing debtors	581	-	25,947	-
	1,339,368	777,788	59,863,067	32,931,529

3.3 Other non-financial assets

<i>Item</i>	USD		Equivalent in UYU	
	12/31/2021	12/31/2020	12/31/2021	12/31/2020
Advances to suppliers	2,230	6,109	-	258,640
Tax credits	234,654	211,748	10,487,934	8,965,436
	236,884	217,857	10,587,590	9,224,076

3.4 Cash and cash equivalents

<i>Item</i>	USD		Equivalent in UYU	
	12/31/2021	12/31/2020	12/31/2021	12/31/2020
Banks	158,061	628,192	7,064,517	26,597,669
	158,061	628,192	7,064,517	26,597,669

3.5 Trade payables and other accounts payable

<i>Item</i>	USD		Equivalent in UYU	
	12/31/2021	12/31/2020	12/31/2021	12/31/2020
Accounts payable	999,771	395,372	44,682,762	16,740,041
Tax creditors	130,376	62,152	5,587,157	2,631,568
Other accounts payable	27,708	41,822	1,238,417	1,770,731
	1,157,855	499,347	51,750,336	21,142,340

3.6 Loans and liabilities - current and non-current

<i>Item</i>	USD		Equivalent in UYU	
	12/31/2021	12/31/2020	12/31/2021	12/31/2020
Bank loan	2,469,965	2,519,610	110,395,104	106,680,267
	2,469,965	2,519,610	110,395,104	106,680,267

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 89,398,000 as at December 31, 2021, and for USD 1,400,000, to be paid in four equal semi-annual installments starting in June 2022.

Besides, a bank loan in U.S. dollars taken from a local bank for an amount of USD 200,000, equivalent to UYU 8,939,000, to be paid in one installment in January 2022.

Likewise, a bank loan in U.S. dollars taken from a local bank for an amount of USD 125,000, equivalent to UYU 5,586,875, to be paid in one installment in January 2022.

Finally, a bank loan in U.S. dollars taken from a local bank for an amount of USD 125,000, equivalent to UYU 5,586,875, to be paid in one installment in January 2022.

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 at December 31, 2020, to be paid in four equal semi-annual installments starting in June 2022.

Besides, 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 at 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 19,965 equivalent to UYU 892,354 as at December 31, 2021 and to USD 19,610 equivalent to UYU 830,267 as at December 31, 2020.

3.7 Operating Income

<i>Item</i>	USD		Equivalent in UYU	
	12/31/2021	12/31/2020	12/31/2021	12/31/2020
Income from sale of wood	3,359,934	4,068,318	147,969,813	172,135,458
Grazing income	129,355	130,236	5,636,886	5,490,575
Income from beehives	12	-	4,904	-
	3,489,401	4,198,554	153,611,603	177,626,033

3.8 Administration and selling expenses

<i>Item</i>	USD		Equivalent in UYU	
	12/31/2021	12/31/2020	12/31/2021	12/31/2020
Forestry operator fees	589,152	512,634	25,657,521	21,578,761
Other fees	159,281	194,321	6,930,289	8,114,316
Field expenses	292,270	184,756	12,771,658	7,686,115
Taxes	70,956	72,543	3,129,918	3,064,272
Sundry	8,252	20,245	357,585	856,605
Insurance	60,300	51,286	2,631,458	2,155,102
	1,180,211	1,035,785	51,478,429	43,455,171

3.9 Financial results

<i>Item</i>	USD		Equivalent in UYU	
	12/31/2021	12/31/2020	12/31/2021	12/31/2020
Translation difference	91,147	147,750	3,966,498	5,883,989
Interests on loans	(90,674)	(77,926)	(3,950,577)	(3,283,536)
Interest and bank charges	13,017	(12,451)	(522,303)	(522,745)
	(12,544)	57,373	(506,382)	2,077,708

3.10 Sundry profit or loss

<i>Item</i>	USD		Equivalent in UYU	
	12/31/2021	12/31/2020	12/31/2021	12/31/2020
Result for land valuation	7,033,815	718,958	314,376,361	30,440,682
	7,033,815	718,958	314,376,361	30,440,682

Note 4 - Biological Assets - Plantations

Biological assets comprise forest plantations located mainly in the departments of Cerro Largo, Durazno and Florida; which are composed mainly by Eucalyptus grandis, saligna, dunii and globulus species. As at December 31, 2021, they comprised 5,508 hectares planted on an area of approximately 9,500 hectares (5,474 hectares planted as at December 31, 2020).

The evolution of the biological asset for the year ended December 31, 2021, and December 31, 2020, is detailed below:

	USD		Equivalent in UYU	
	12/31/2021	12/31/2020	12/31/2021	12/31/2020
Opening balance	32,277,823	29,398,906	1,366,643,023	1,096,814,385
Cost increase incorporated into biological assets	237,688	371,026	10,380,180	15,668,522
Reduction by harvest of biological assets	(736,009)	(406,129)	(32,895,922)	(17,466,789)
Change in the fair value of biological assets	5,507,485	2,914,020	246,157,037	123,379,607
Translation adjustments	-	-	76,257,543	148,247,298
	37,286,986	32,277,823	1,666,541,861	1,366,643,023

Note 5 - Property, Plant and Equipment

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

In U.S. dollars:

	12/31/2021										12/31/2020
	Source values				Depreciations					Net values	Net values
	Opening Values	Revaluation	Increases	Closing values	Accumulated	For the year	Write off	Translation adjustments	Accumulated at closing		
Lands	21,429,399	7,033,815	-	28,463,241	-	-	-	-	-	28,463,214	21,429,399
Improvement	12,380	-	-	12,380	(2,098)	(460)	-	-	(2,557)	9,823	10,282
TOTAL	21,441,779	7,033,815	-	28,475,594	(2,098)	(460)	-	-	(2,557)	28,473,037	21,439,681

Equivalent in Uruguayan pesos:

Item	12/31/2021										12/31/2020
	Source values				Depreciations					Net values	Net values
	Opening Values	Revaluation	Translation adjustments	Closing values	Accumulated at opening	For the year	Write off	Translation adjustments	Accumulated at closing		
Lands	907,320,755	314,376,361	50,466,235	1,272,163,350	-	-	-	-	-	1,272,163,350	907,320,755
Improvement	524,176	-	29,156	553,332	(88,818)	(20,027)	-	(5,457)	(114,302)	439,030	435,358
TOTAL	907,844,931	314,376,361	50,495,391	1,272,716,682	(88,818)	(20,027)	-	(5,457)	(114,302)	1,272,602,380	907,756,113

Note 6 - Assets and Liabilities in Currency other than the Functional Currency

The statement of financial position includes the following balances in in currencies other than the functional currency:

	December 31, 2021		December 31, 2020	
	UYU	Equivalent in USD	UYU	Equivalent in USD
Assets				
Current Assets				
Other non-financial assets	10,587,599	236,886	9,224,063	217,857
Cash and cash equivalents	45,411	1,1016	12,287	290
Total	10,633,010	237,902	9,236,350	218,147
Total assets	10,633,010	237,902	9,236,350	218,147
Liabilities				
Non-current liabilities				
Deferred tax	(116,126,549)	(2,598,200)	(73,327,016)	(1,731,862)
Total	(116,126,549)	(2,598,200)	(73,327,016)	(1,731,862)
Current liabilities				
Trade payables and other accounts payable	(34,325,384)	(767,992)	(16,510,560)	(389,952)
Total	(34,325,354)	(767,992)	(16,510,560)	(389,952)
Total liabilities	(150,451,933)	(3,366,192)	(89,837,576)	(2,121,813)
Net position	(139,818,923)	(3,128,290)	(80,601,226)	(1,903,666)

The U.S. dollar exchange rate as at December 31, 2021 was UYU 44.695 and UYU 42.34 as at December 31, 2020.

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).

Note 8 - Commitments Assumed

As at December 31, 2021 the Trust entered into commitments for grazing contracts amounting to USD 67,534, corresponding to 9,128 grazed hectares.

Note 9 - Balances and Transactions with Related Parties

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

	USD		UYU	
	12/31/2021	12/31/2020	12/31/2021	12/31/2020
Agroempresa Forestal S.A	62,036	(5,499)	2,772,687	(232,842)
	62,036	(5,499)	2,772,687	(232,842)

b) Transactions with related parties are composed as follows:

	USD		UYU	
	12/31/2021	12/31/2020	12/31/2021	12/31/2020
Accrued fees				
Agroempresa Forestal S.A	589,152	512,634	25,657,521	21,578,761
	589,152	512,634	25,657,521	21,578,761

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

It 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 as Pension Savings Funds.

Accounts receivable risk is concentrated in approximately four debtors that pay off timber sales and with no history of uncollectibility.

10.2 Liquidity risk

It is the risk that the Trust might not be able to meet its financial obligations as they expire. Its main obligation is the payment 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 in accordance with the business plan established in the Trust Agreement and the limitations on the assets to be invested.

10.3 Market risk

It 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.

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 U.S. dollar is detailed below. The sensitivity analysis included outstanding monetary items in foreign currency. With a 10% strengthening of the Uruguayan peso against the U.S. dollar the comprehensive income for the year would increase by USD 284,390, equivalent to UYU 13,981,892. If a weakening of 10% were to occur, the comprehensive income for the year would decrease by USD 347,588, equivalent to UYU 13,981,892.

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 each fiscal year-

end are as follows:

	USD		Equivalent in UYU	
	12/31/2021	12/31/2020	12/31/2021	12/31/2020
Inventory	324,246	63,666	14,492,155	2,695,598
Property, plant and equipment (Lands)	28,463,214	21,429,399	1,272,163,350	907,320,755
Biological assets	37,286,986	32,277,823	1,665,541,861	1,366,643,023
	66,074,446	53,770,888	2,953,197,366	2,276,659,376

Note 11 - Other significant 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 public health emergency situation has spread almost worldwide and different countries have taken various measures to deal with it. This situation and the measures adopted have had a significant impact on international economic activity, with diverse impacts on different countries and business sectors. In addition, the evolution of the pandemic is highly uncertain and, consequently, 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 (lands). However, as stated in Note 1, the Trust Agreement provides for a 30-year business plan, therefore, fluctuations in the short-term fair values would not necessarily affect the realizable value of the main assets once they are liquidated at the expiration of the contract.

The values of assets and liabilities were calculated as required by the applicable accounting standards, based on the conditions provided at the year-end date, and therefore, in an economic context prior to the arrival of the aforementioned pandemic in the national territory.

Note 12 - Events after the Reporting Date

As at the date of presentation of these financial statements, no other events have occurred that could significantly affect the financial position of the Trust, its financial performance, and its cash flows.