

**Fideicomiso Financiero Forestal
Bosques del Uruguay IV
Financial Forestry
Trust Bosques del Uruguay IV**

**INTERIM FINANCIAL REPORT FOR THE
THREE MONTHS ENDED MARCH 31, 2022**

Fideicomiso Financiero Forestal Bosques del Uruguay IV

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Abbreviations:

UYU – Uruguayan peso

USD – U.S. Dollar



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COMPILATION REPORT

To the Board of Directors of

EF ASSET MANAGEMENT, ADMINISTRADORA DE FONDOS DE INVERSIÓN S.A.,

We have compiled the interim statement of financial position of Fideicomiso Financiero Forestal Bosques del Uruguay IV as of March 31, 2022, and the related statements of comprehensive income, changes in equity and cash flows for the three-month period then ended, as well as the selected explanatory notes. These interim financial statements report the information provided by the Management of the Company, responsible for the data contained therein and for its submission in accordance with the applicable accounting standards in Uruguay.

Our compilation of the interim financial statements was conducted in accordance with the International Standard Related Services No. 4410 as provided by Pronouncement No.18 of the Association of Accountants, Economists and Business Administrators of Uruguay, and only reports the information related to the equity, financial position and operating results of the Company provided by the Management.

We have not performed an audit in accordance with the International Standards on Auditing or a limited review of the interim financial statements, therefore, we did not include an opinion or any other type of conclusion.

I hereby state that I am the Executive Director of EF ASSET MANAGEMENT ADMINISTRADORA DE FONDOS DE INVERSIÓN S.A.

Montevideo, April 29, 2022.

CPA FEERERE



LEONARDO ISOARDI

Partner

Certified Public Accountant

Retirement and Pension Fund for University Professionals No. 78,79

FIDEICOMISO FINANCIERO FORESTAL BOSQUES DEL URUGUAY IV
Interim Statement of Financial Position as of March 31, 2022

(in U.S. dollars and Uruguayan pesos)

	Notes	USD		Equivalent in UYU	
		03/31/2022	12/31/2021	03/31/2022	12/31/2021
Assets					
Non-current assets					
Property, plant and equipment	5	176,048,175	176,254,034	7,238,220,717	7,877,674,050
Biological assets - plantations	4	245,924,663	246,050,000	10,111,192,515	10,997,204,750
Other non-financial assets	3.3	16,692		686,292	-
Total non-current assets		421,989,530	422,304,034	17,350,099,524	18,874,878,800
Current assets					
Inventories	3.1	5,082,669	4,592,698	208,973,916	205,270,658
Trade receivables and other accounts receivable	3.2	5,473,414	3,343,133	225,039,399	149,421,310
Other financial assets	3.3	3,472,734	4,640,137	142,781,453	207,390,908
Cash and cash equivalents	3.4	2,457,266	447,994	101,030,481	20,023,092
Total current assets		16,486,083	13,023,962	677,825,249	582,105,968
Total assets		438,475,612	435,327,996	18,027,924,773	19,456,984,768
Equity					
Participation certificates	7	330,000,000	330,000,000	11,932,965,000	11,932,965,000
Equity adjustments	7	35,118,496	35,118,496	3,042,513,051	4,547,165,779
Retained earnings		35,118,496	53,418,917	2,199,655,357	2,226,398,952
Total equity		417,733,999	418,537,413	17,175,133,408	18,706,529,731
Liabilities					
Non-current liabilities					
Deferred tax	2.15	6,047,002	5,562,646	248,622,471	248,622,471
Loans and liabilities	3.6	-	222,222	-	9,932,212
Total non-current liabilities		6,047,002	8,417,789	248,622,471	258,554,683
Current liabilities					
Trade payables and other accounts payable	3.5	5,962,221	5,932,401	245,136,666	265,148,643
Loans and liabilities	3.6	8,732,389	5,073,313	359,032,228	226,751,710
Total current liabilities		14,694,610	11,005,714	604,168,894	491,900,353
Total equity		20,741,612	16,790,582	852,791,365	750,455,036
Total liabilities and equity		438,475,611	435,327,995	18,027,924,773	19,456,984,767

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

FIDEICOMISO FINANCIERO FORESTAL BOSQUES DEL URUGUAY IV**Interim Statement of Comprehensive Income****for the three months ended March 31, 2022**

(in U.S. dollars and Uruguayan pesos)

	Notes	USD		Equivalent in UYU	
		03/31/2022	03/31/2021	03/31/2022	03/31/2021
Operating income	3.7	11,674,492	7,896,896	501.464.328	342,520,358
Cost of goods sold		(8,735,458)	(6,535,635)	(368,102.656)	(283,809,101)
Gross result		2,939,034	1,361,261	133,361,672	58,711,257
Administrative and selling expenses	3.8	(3,241,376)	(1,902,251)	(138,629,151)	(82,003,613)
Financial results	3.9	(501,072)	11,728	(21,476,116)	508,616
Profit or loss for the period before income tax		(803,414)	(529,262)	(26,743,595)	(46,559,135)
Income tax	2.15	-	-	-	-
Profit or loss for the period		(803,414)	(529,262)	(26,743,595)	(22,783,740)
Other comprehensive income for the period					
Translation reserve		-	-	(1,504,652,728)	752,024,845
Comprehensive income for the period		(803,414)	(529,262)	(1,531,396,323)	729,241,105

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

FIDEICOMISO FINANCIERO FORESTAL BOSQUES DEL URUGUAY IV

Interim Statement of Cash Flows

for the three months ended March 31, 2022

(in U.S. dollars and Uruguayan pesos)

	Notes	USD		Equivalent in UYU	
		03/31/2022	03/31/2021	03/31/2022	03/31/2021
Cash flow from operating activities					
Income for the period before income taxes		(803,414)	(529,262)	(26,743,595)	(22,783,740)
Adjustments					
Depreciations	5	205,859	205,670	8,760,465	8,897,543
Unpaid accrued interest		10,167	6,238	418,561	275,293
Costs of sales of standing forests		340,396	306,331	13,945,702	13,588,543
		(246,992)	(11,023)	(3,618,867)	(22,361)
Changes in assets and liabilities					
Trade receivables and other accounts receivable		(2,130,280)	(1,315,443)	(91,399,663)	(56,910,668)
Inventories		(341,219)	46,110	(14,640,001)	1,994,880
Other non-financial assets		1,150,711	(1,443,100)	49,371,255	(62,433,557)
Trade payables and other accounts payable		514,176	3,410,515	22,060,721	147,550,816
Translation adjustment		-	-	(11,745,996)	(426,644)
Net flows from operating activities		(1,053,604)	687,059	(49,972,551)	29,752,466
Cash flow used in investing activities					
Incurred costs of biological assets	4	(363,811)	(753,266)	(15,607,144)	(32,517,067)
Purchases of property, plant and equipment	5	-	(11,320)	-	(488,525)
Cash flow used in investing activities		(363,811)	(764,586)	(15,607,144)	(33,005,592)
Cash flow from financing activities					
Loans and liabilities	3.6	3,426,687	2,306,455	146,636,051	101,772,369
Cash flow from financing activities		3,426,687	2,306,455	146,636,051	101,772,369
Changes in cash flows and cash equivalents		2,009,272	2,228,928	81,056,356	98,519,243
Opening balance of cash and cash equivalents		447,994	197,492	20,023,092	8,361,826
Effect associated with the maintenance and conversion of cash and cash equivalents		-	-	(48,967)	335,146
Closing balance of cash and cash equivalents		2,457,266	1,557,505	101,030,481	68,821,475

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

FIDEICOMISO FINANCIERO FORESTAL BOSQUES DEL URUGUAY IV

Interim Statement of Changes in Equity

for the three months ended March 31, 2022

(in U.S dollars)

	<u>Notes</u>	PARTICIPATION CERTIFICATES	EQUITY ADJUSTMENTS	RETAINED EARNINGS	TOTAL NET EQUITY
Balance at 31 December, 2020		330,000,000	(309,720)	77,796,239	407,486,519
Profit or loss for the period				(529,262)	(529,262)
Balance at March 31, 2021		330,000,000	(309,720)	77,266,977	406,957,257
Revaluation of property, plant and equipment, net of deferred tax			35,428,216		35,428,216
Profit or loss for the period				(23,848,060)	(23,848,060)
Balance at 31 December, 2021		330,000,000	35,118,496	53,418,917	418,537,413
Profit or loss for the period				(803,414)	(803,414)
Balance at March 31, 2022		330,000,000	35,118,496	52,615,503	417,733,999

**Interim Statement of Changes in Equity
for the three months ended March 31, 2022**

(in Uruguayan pesos)

		PARTICIPATION CERTIFICATES	EQUITY ADJUSTMENTS	RETAINED EARNINGS	TOTAL NET EQUITY
Balance at 31 December, 2020		11,932,965,000	2,003,305,653	3,316,708,573	17,252,979,226
Translation reserve	7		752,024,845		752,024,845
Profit or loss for the period			-	(22,783,740)	(22,783,740)
Balance at March 31, 2021		11,932,965,000	2,755,330,498	3,293,924,833	17,982,220,331
Revaluation of property, plant and equipment, net of deferred tax			1,583,464,124		1,583,464,124
Translation reserve			208,371,157		208,371,157
Profit or loss for the period				(1,067,525,881)	(1,067,525,881)
Balance at 31 December, 2021		11,932,965,000	4,547,165,779	2,226,398,952	18,706,529,731
Translation reserve	7		(1,504,652,728)		(1,504,652,728)
Profit or loss for the period				(26,743,595)	(26,743,595)
Balance at March 31, 2022		11,932,965,000	3,042,513,051	2,199,655,357	17,175,133,408

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

FIDEICOMISO FINANCIERO FORESTAL BOSQUES DEL URUGUAY IV

Notes to the interim financial statements for the three months ended March 31, 2022

Note 1 - General Information on Fideicomiso Forestal Bosques del Uruguay IV

In the city of Montevideo, on December 17, 2018, the Fideicomiso Financiero Forestal Bosques del Uruguay IV 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".

On March 18, 2019, the Central Bank of Uruguay [BCU, for its acronym in Spanish] authorized the registration of the Trust in the Securities Market Registry (Communication No. 2019/067).

The capital of the Trust was paid-in with the amounts paid by the Trustors, acting as Initial Underwriters of the Securities, under the conditions set out in the Agreement and to be used for the fulfillment of the purposes of the Agreement.

The Trustee invested the funds from the placement of the Securities (Participation Certificates) in the purchase and/or lease of rural Properties, located within the Eastern Republic of Uruguay, which became part of the equity of the Trust, and it carried out the forestry activity on such Properties.

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 in order for the Trust to be able to make such investments.

The Trust may incur indebtedness, up to a maximum equivalent to 25% of the Trust's total equity, in which case it may grant guarantees up to a maximum amount equivalent to twice the indebtedness incurred. The purpose of this will be to optimize the Trust's profitability and facilitate the operation of the transactions.

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. Notwithstanding the foregoing, 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 in such securities not permitted to Pension Savings Funds.

The equity of the Trust consists of its assets and all economic rights, present and future, 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 with respect thereto.

The Participation Certificates grant Holders rights of participation in accordance with the financial performance of the Trust, and pursuant to the terms and conditions provided in the Agreement.

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 accordance to communication No. 2019/067 dated March 19, 2019, the Central Bank of Uruguay authorized, within the framework of the Financial Trust, the Trustee to issue Participation Certificates for an amount of up to USD 330,000,000.

In accordance with Article 330 of the Central Bank of Uruguay's Compilation of Securities Market Standards, the Trust closes its accounting period on December 31 of each year. The Trust's fiscal year-end is June 30 of each year. The statements of comprehensive income, changes in equity, and of cash flows, are presented for the three-month period ended March 31, 2022.

These interim financial statements have been authorized to be issued by EF Asset Management Administradora de Fondos de Inversión S.A., Trustee of the Trust, dated April 29, 2022.

Note 2 - Basis of Preparation and Significant Accounting Policies

2.1 Accounting standards

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

This condensed interim financial reporting does not include all the information required by the International Financial Reporting Standards (IFRS) for the presentation of complete financial statements. As this report was prepared in accordance with the International Accounting Standard No. 34 - "Interim Financial Reporting", this condensed interim financial statements shall be read in conjunction with the Trust's financial statements for the year ended December 31, 2021.

2.1.1 New standards, interpretations and amendments which became effective in the current fiscal period

The accounting policies applied by the Trust for the preparation and presentation of these interim financial statements are the same as those applied by the Trust in the financial statements as of December 31, 2021, except for the adoption of the new standards effective as of January 1, 2022. The Trust did not adopt in advance other standards, interpretations or amendments which have been issued but not yet effective.

In the current period, the following new and/or revised standards issued by the IASB became effective.

- Amendment to IFRS 3 - Updating references to the Conceptual Framework.
- Amendment to IAS 16 - Property, Plant and Equipment - Proceeds before Intended Use.
- Amendment to IAS 37 - Onerous Contracts - Cost of fulfilling a contract.
- IFRS 1 - First-time Adoption of IFRS - Subsidiary as a first-time adopter.
- Amendment to IFRS 9 Financial Instruments: Fees in the '10%' Test for Derecognition of Financial Liabilities.
- IAS 41 Agriculture - Taxation in fair value measurement.
- Amendment to IFRS 16- Covid-19-Related Rent Concessions.

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

On the date of the authorization of these financial statements, the standards and interpretations issued by the IASB, which are not yet effective for the periods beginning on January 1, 2022, and were not adopted in advanced 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)

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

The Management estimates 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

IAS 21 states 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 widely used by 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 since its main income and expenses are denominated in that currency.

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

In accordance with such regulations, in order to translate the Trust's financial statements from the functional currency into the reporting currency:

- assets and liabilities shall be translated at the closing exchange rate;
- income and expenses shall be translated at the exchange rate in effect on the date of the respective transactions;
- equity, except for the results for the period, shall be translated at the closing exchange rate;
- translation gains and losses shall be directly recognized in equity without affecting the results for the period.

The equity items have been retranslated as follows: 1) Equity is presented at its value in historical Uruguayan pesos, including the difference between such value and that which would result from application of the general criterion of translation as equity adjustments; 2) retained earnings correspond to the results of prior fiscal years expressed in U.S. dollars and translated in accordance with the general translation standard.

The difference resulting from the use of the closing exchange rate for assets, liabilities and equity translation, and the exchange rate in effect on the date of each transaction for the result for the period is directly

presented in the equity item 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 the closing exchange rates for the period. Exchange differences are recognized in the results. Balances of assets and liabilities denominated in non-functional currency for the period are summarized in Note 6.

2.4 Overall valuation criteria for assets and liabilities

Assets and liabilities (except for biological assets, and property, plant and equipment) are valued according to the cost initially disbursed or the commitment assumed respectively, and subsequently measured at amortized cost. In all cases, these amounts were adjusted as mentioned in the preceding item.

2.5 Cash and cash equivalents

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

2.6 Financial assets and liabilities

Financial assets and liabilities are measured at amortized cost.

The Trust holds 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 debts based on the expected credit loss method, considering 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

Forest plantations and the costs incurred in the formation of the forests between December 31, 2021 and March 31, 2022, are presented at their fair value in the statement of financial position as of December 31, 2021.

The Trust annually determines the value of forest plantations according to the valuation of its forests carried out by independent forest consultants. The fair value of forest plantations is estimated by the independent expert using current value techniques of estimated cash flows, and mainly income or expectation approach techniques.

On the basis of the methodology described above, the independent expert determined that the fair value of the biological assets as of December 31, 2021, was USD 246,050,000, equivalent to UYU 10,997,204,750.

To this end, the following elements are considered:

- the representative prices estimated for the period 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%.

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 is determined mainly by using sources of information of 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 will not exceed their net realizable value.

2.11 Property, plant and equipment

A summary of property, plant and equipment balances for the three-month period ended March 31, 2022, is set out in Note 5 of these financial statements.

In accordance with the terms of the agreement, lands were valued by an independent expert on December 31, 2021. Their book value was adjusted to the values provided in the report issued by such expert, which amounted to USD 154,389,653, equivalent to UYU 6,900,445,541.

The fair value of these lands is determined mainly by using sources of information of hierarchy Level 3.

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

Improvements and other improvements are presented in U.S. dollars at historical acquisition cost, after deducting the relevant accumulated depreciation. During the third quarter of 2020, a change in the valuation of the useful life of the Improvements was made. It was estimated that they have a useful life of 30 years instead of 50. in order to match their depreciation to the years of duration of the Trust Agreement. This change in valuation has been made prospectively, starting from the net values of the improvements as of December 31, 2019, and depreciating the remainder on a straight-line basis.

Disbursements after the acquisition of an item 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 therefrom.

The Board and the Management estimate that the net book value of the assets will not exceed their use value and that there were no losses due to impairment of the property, plant and equipment.

Depreciations for the period are charged to administration and sales expenses.

2.12 Accrual basis and revenue recognition

Revenue is recognized when earned and expenses 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 is recognized when the most significant risks associated with the ownership of the assets are transferred to the buyer or once the services are accrued, and the amount of revenue can be quantified with reasonable accuracy.

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 are recognized in accordance with the principle of accruals.

2.13 Definition of capital

The difference in value of equity as of March 31, 2022, with respect to the amount of capital to be maintained is regarded as the result for the period. The definition of capital used for this purpose is financial capital.

	USD		Equivalent in UYU	
	03/31/2022	12/31/2021	03/31/2022	12/31/2021
Banks	2,457,266	447,994	101,030,481	20,023,092
	2,457,266	447,994	101,030,481	20,023,092

2.14 Statement of cash flows

In preparing the statement of cash flows, current and demand deposits held in financial institutions are considered as cash and cash equivalents.

The items comprising cash and cash equivalents are presented below:

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 and not included in the exemptions granted by Law No. 15,939, intended to promote the forestry sector.

The Trust shall pay the Wealth Tax, however, the yield of forest plantations in forestry priority areas, as well as the farms on which such plantations are located are exempted from such tax.

Regarding the aforementioned tax, in 2013, Law No. 19,088 amended the exemption regulating the agricultural sector and applied a surcharge to those taxpayers.

Decree No. 293/013, which regulates such Law, introduced an amendment extending the exemption from 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 period ended on March 31, 2022, the Trust does not enjoy such Wealth Tax and Surcharge exemption.

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 acquired standing, are considered agricultural products in their natural state for the purpose of their sale. Therefore, the VAT will remain on hold, and the tax included in the purchases, which is 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 such type of income.

The Trust shall pay the Rural Real Estate Tax for the farms acquired. However, as provided by Law No. 18,245, those farms used for forest plantations and included in the Quality Timber projects defined by the Ministry of Livestock, Agriculture and Fisheries, are exempted from the Rural Real Estate Tax.

Additionally, 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 period in which their reversal occurs.

2.16 Provisions

Provisions are financially recognized when the Trust has a present obligation (legal or contractual) as a result of a past event; it is likely that, in the future, resources will be used to cancel such obligations, which may be reliably estimated.

2.17 Financial Instruments

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

2.18 Estimates and assumptions in the application of accounting policies

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

The most significant accounting policies, estimates and assumptions to determine the accounting values of assets and liabilities are as follows:

(a) Impairment of non-financial assets

At each annual reporting date, the Trust reviews the carrying values of Property, plant and equipment: Land, to determine whether there are any indications of impairment. If so, the recoverable amount of the assets is estimated to determine whether it is necessary to write down the value of the assets as a result of impairment.

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

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 any variation in them may lead to a significant variation in the fair values of biological assets recognized in the financial statements. Therefore, estimates are periodically revised, and adjusted accordingly, if necessary.

(c) Income tax

The Trust recognizes the effects of deferred tax based on estimates and assumptions depending on how 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 for the period in which such modifications occur. 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 taxable profits from which the deductible temporary differences can be discounted. Additionally, in order to determine the portion of deferred tax assets to be recognized in the statement of financial position, whether or not there are future taxable temporary differences with which the deductible temporary differences can be compensated should be considered. For these purposes, the Trustee estimates the reversions of temporary differences and the future tax results, as well as the available tax planning opportunities (Note 2.15).

2.19 Fair value of tangible assets

At each year-end, the Trust hires an independent expert to determine the fair value of the lands and forests.

Key assumptions used to determine the fair value

In order to determine the impairment loss, the Management hires an independent expert, who estimates future cash flows for the remaining useful life of the Trust.

The determination of the recoverable amount of the trust is based on complex estimates that require the application of assumptions and professional judgment by the expert, which include:

(a) Wood flow

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

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

(b) Land sales flow

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

- year of disinvestment
- year zero cash flow

(c) Operating and management costs

- Forest costs: These costs are related to the amount spent to establish and cultivate the forest until it is ready for the final harvest.
- General expenses: These expenses are related to the amount spent on activities such as management, office maintenance, forest inventory, protections and certification, vehicles, roads, security and communications.

(d) Wood price

These are the prices of wood by assortment class, which are the expected prices of wood set 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 refers 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 Trust sector.

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 are presented as the cash flow that is available to both debt and equity holders. Therefore, free cash flow is converted to present value through the application of a "WACC".

(g) Sensitivity analysis

The Trust applies the sensitivity analysis to assess whether changes in the discount rate estimates, wood prices, forest and general costs, and land sales prices may make a significant difference in the financial statements. The sensitivity analysis did not identify any significant impairment losses.

2.20 Consistency of accounting principles

The criteria applied in the valuation of assets and liabilities, as well as to determine the financial results for the three-month period ended March 31, 2022, are similar to the ones applied for the fiscal year ended December 31, 2021.

3 - Opening of Items

3.1 Inventories

<i>Item</i>	USD		Equivalent in UYU	
	03/31/2022	12/31/2021	03/31/2022	12/31/2021
Wood	4,884,688	4,530,996	200,833,963	202,512,849
Ant killer	9,304	2,550	382,514	113,972
Fertilizer	25,104	6,682	1,032,167	298,673
Herbicide	102,694	52,470	4,222,256	2,345,164
Seedlings	28,950	-	1,190,265	-
Seeds	31,929	-	1,312,751	-
	5,082,669	4,592,698	208,973,916	205,270,658

3.2 Trade receivables and other accounts receivable

<i>Item</i>	USD		Equivalent in UYU	
	03/31/2022	12/31/2021	03/31/2022	12/31/2021
Trade receivables	5,373,222	3,290,623	220,920,008	147,074,375
Receivables for grazing	99,343	52,428	4,084,499	2,343,273
Receivables for beehives	849	82	34,892	3,662
	5,473,414	3,343,133	225,039,399	149,421,310

3.3 Other non-financial assets

<i>Item</i>	USD		Equivalent in UYU	
	03/31/2022	12/31/2022	03/31/2022	12/31/2021
Non-current				
Other non-financial assets	16,692	-	686,292	-
	16,692	-	686,292	-
Current				
Tax credits	3,013,338	4,186,570	123,893,379	187,118,743
Insurances and Rural Real Estate Tax paid in advance	8,866	5,438	364,512	243,029
Other non-financial assets	450,530	448,129	18,523,562	20,029,136
	3,472,734	4,640,137	142,781,453	207,390,908

3.4 Cash and cash equivalents

<i>Item</i>	USD		Equivalent in UYU	
	03/31/2022	12/31/2021	03/31/2022	12/31/2021
Banks	2,457,266	447,994	101,030,481	20,023,092
	2,457,266	447,994	101,030,481	20,023,092

3.5 Trade accounts and other accounts payable

<i>Item</i>	USD		Equivalent in UYU	
	03/31/2022	12/31/2021	03/31/2022	12/31/2021
Trade payables	4,581,456	3,234,687	188,366,565	144,574,349
Tax creditors	1,233,277	2,510,043	50,706,189	112,186,350
Customer prepayments	93,353	91,602	3,838,191	4,094,173
Other accounts payable	(157,361)	33,049	(6,469,885)	1,477,097
Provisions	211,496	63,020	8,695,606	2,816,674
	5,962,221	5,932,401	245,136,666	265,148,643

3.6 Loans and liabilities

<i>Item</i>	USD		Equivalent in UYU	
	03/31/2022	12/31/2021	03/31/2022	12/31/2021
Non-current liabilities				
Bank loan	-	222,222	-	9,932,212
	-	222,222	-	9,932,212

<i>Item</i>	USD		Equivalent in UYU	
	03/31/2022	12/31/2021	03/31/2022	12/31/2021
Current liabilities				
Bank loan	8,732,389	5,073,313	359,032,228	226,751,711
	8,732,389	5,073,313	359,032,228	226,751,711

As of March 31, 2021, the bank loan corresponds to a loan in U.S. dollars taken out with Banco ITAU Uruguay S.A. in February 2020, for a principal amount of USD 8,000,000 to be paid in thirty-six equal, monthly and consecutive installments of USD 222,222.22. As of the date of these statements, twenty-six installments had already been paid.

It also includes two fixed-term promissory notes in U.S. dollars taken out with HSBC Bank (Uruguay) S.A.: one in March 2022, for a principal amount of USD 1,300,000 to be paid in the following 60 days; the other one taken in February 2022, for a principal amount of USD 1,500,000, to be paid in the following 90 days.

Additionally, a promissory note in U.S. dollars taken out with Banco ITAU Uruguay S.A. in March 2022, for a principal amount of USD 3,700,000, to be paid in the following 90 days.

Accrued and unpaid interests for the three months ended March 31, 2022, amount to USD 10,167.

As of December 31, 2021, the bank loan corresponds to a loan in U.S. dollars taken out with Banco ITAU Uruguay S.A. in February 2020, for a principal amount of USD 8,000,000 to be paid in thirty-six equal, monthly and consecutive installments of USD 222,222.22. As of the date of these statements, twenty-three installments had already been paid, the outstanding principal amounts to USD 2,888,889.

It also includes two fixed-term promissory notes in U.S. dollars taken out with HSBC Bank (Uruguay) S.A.: one in November, for a principal amount of USD 1,400,000 to be paid in the following 60 days; the other one taken in December, for a principal amount of USD 1,000,000, to be paid in the following 90 days.

Accrued and unpaid interests for the three-month period ended March 31, 2022, amount to USD 6,645.82.

3.7 Operating income

<i>Item</i>	USD		Equivalent in UYU	
	03/31/2022	31/3/2021	03/31/2022	03/31/2021
Income from sale of wood	11,529,762	7,754,420	495,258,462	336,347,569
Income from grazing	143,900	142,469	6,170,071	6,172,497
Income from beehives	830	7	35,795	292
	11,674,492	7,896,896	501,464,328	342,520,358

<i>Item</i>	USD		Equivalent in UYU	
	03/31/2022	03/31/2021	03/31/2022	03/31/2021
Forestry operator fee	1,040,564	972,159	44,281,886	41,924,681
Other fees	116,447	106,185	5,025,720	4,557,413
Field expenses	471,822	359,575	20,237,826	15,488,660
Depreciation	205,859	205,670	8,760,465	8,897,543
Sundry	1,406,684	258,662	60,323,254	11,135,316
	3,241,376	1,902,251	138,629,151	82,003,613

3.8 Administration and selling expenses

3.9 Financial results

<i>Item</i>	USD		Equivalent in UYU	
	03/31/2022	03/31/2021	03/31/2022	03/31/2021
Interests earned	-	85	-	3,623
Interests and bank charges	(29,564)	(17,414)	(1,273,763)	(749,478)
Interests on bank loans	(43,491)	(62,083)	(1,844,991)	(2,688,545)
Translation difference	(428,017)	91,140	(18,357,362)	3,943,016
	(501,072)	11,728	(21,476,116)	508,616

Note 4 - Biological Assets – Plantations

Biological assets comprise forest plantations located mainly in the departments of Cerro Largo, Treinta y Tres, Rivera and Tacuarembó; which are composed mainly by Eucalyptus Grandis, Dunnii and Pine Taeda species. As of March 31, 2022, forest plantations comprised 37,777 hectares on an area of approximately 61,393 hectares (38,061 hectares planted as of December 31, 2021).

The evolution of the biological asset for the three-month period ended March 31, 2022, and December 31, 2021, is detailed below:

	USD		Equivalent in UYU	
	03/31/2022	12/31/2021	03/31/2022	12/31/2021
Opening balance	246,050,000	275,460,178	10,997,204,750	11,662,983,937
Cost increase added to biological assets	363,811	1,899,408	15,607,143	82,604,608
Reduction by harvest of biological assets	(489,148)	(4,148,349)	(20,111,337)	(182,543,223)
Change in the fair value of biological assets	-	(27,161,237)	-	(1,213,971,481)
Translation adjustments	-	-	(881,508,041)	648,130,910
	245,924,663	246,050,000	10,111,192,515	10,997,204,750

Note 5 - Property, Plant and Equipment

Property, plant and equipment is composed as follows:

In U.S. dollars:

03/31/2022										12/31/2021
Item	Source values				Depreciations				Net values	Net values
	Opening Values	Additions	Translation adjustments	Closing values	Accumulated at opening	For the period	Translation adjustments	Accumulated at closing		
Lands	154,389,653	-	-	154,389,653	-	-	-	-	154,389,653	154,389,653
Improvements	23,239,908	-	-	23,239,908	(1,710,893)	(195,316)	-	(1,906,209)	21,333,699	21,529,015
Other improvements	141,720	-	-	141,720	(21,021)	(3,543)	-	(24,564)	117,156	120,699
Machinery	280,000	-	-	280,000	(65,333)	(7,000)	-	(72,333)	207,667	214,667
Total	178,051,281	-	-	178,051,281	(1,797,247)	(205,859)	-	(2,003,106)	176,048,175	176,254,034

Equivalent in Uruguayan pesos:

03/31/2022										12/31/2021
Item	Source values				Depreciations				Net values	Net values
	Opening Values	Additions	Translation adjustments	Closing values	Accumulated at opening	For the period	Translation adjustments	Accumulated at closing		
Lands	6,900,445,541	-	(552,714,958)	6,347,730,583	-	-	-	-	6,347,730,583	6,900,445,541
Improvements	1,038,707,676	-	(83,198,870)	955,508,806	(76,468,333)	(8,311,802)	6,406,379	(78,373,756)	877,135,050	962,240,662
Other improvements	6,334,179	-	(507,358)	5,826,821	(939,544)	(150,773)	80,360	(1,009,957)	4,816,864	5,393,315
Machinery	12,514,600	-	(1,002,400)	11,512,201	(297,890)	(297,890)	243,978	(2,973,981)	8,538,220	9,594,531
Total	7,958,001,996	-	(637,423,586)	7,320,578,411	(80,327,947)	(8,760,465)	6,730,717	(82,357,694)	7,238,220,717	7,877,674,049

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

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

	March 31, 2022		December 31, 2021	
	UYU	Equivalent in UYU	UYU	Equivalent in UYU
Assets				
Trade receivables and other accounts receivable	332,106	8,077	923,048	20,652
Other non-financial assets	125,338,655	3,048,490	188,306,639	4,213,148
Cash and cash equivalents	3,180,898	77,366	400,443	8,959
Total assets	128,851,659	3,133,933	189,630,130	4,242,759
Liabilities				
Deferred tax	(248,622,471)	(6,047,002)	(248,622,471)	(5,562,646)
Trade payables and other accounts payable	(130,331,850)	(3,169,934)	(168,318,544)	(3,765,937)
Total liabilities	(378,954,321)	(9,216,936)	(416,941,015)	(9,328,583)
Net position	(250,102,662)	(6,083,003)	(227,310,885)	(5,085,824)

The U.S. dollar exchange rate as of March 31, 2022 is UYU 41.115 and as of December 31, 2021 is UYU 44.695.

Note 7 – Equity

Book-Entry Participation Certificates for a face value of USD 330,000,000 were registered in the Securities Market Registry. The face value of each participation certificate is USD 1.

Date	USD	Equivalent in UYU
Apr/11/2019	36,600,000	1,342,162,800
Aug/19/2019	6,600,000	238,913,400
Aug /26/2019	283,800,000	10,351,888,800
Total Paid-in Capital	330,000,000	11,932,965,000

The balance of equity adjustments as of March 31, 2022 includes the initial issuance costs which amount to USD 309,720, equivalent to UYU 10,723,512.

Note 8- Commitments

Commitments as of March 31, 2022 for grazing contracts on land owned by the Trust amount to USD 268,500 corresponding to 37,425 hectares of pastured land.

Note 9 - Balances and Transactions with Related Parties

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

<i>Trade account payables</i>	USD		Equivalent in UYU	
	03/31/2022	12/31/2022	03/31/2022	12/31/2021
Agroempresa Forestal S.A.	910,914	511,894	33,485,752	21,673,592
	910,914	511,894	33,485,752	21,673,592

b) Transactions with related parties are composed as follows:

<i>Accrued fees</i>	USD		Equivalent in UYU	
	03/31/2022	12/31/2022	03/31/2022	12/31/2021
Agroempresa Forestal S.A.	1,040,564	972,159	44,281,886	41,924,681
	1,040,564	972,159	44,281,886	41,924,681

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 of a financial instrument fails to meet his or her 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.

10.2 Liquidity risk

Liquidity risk occurs if the Trust fails to meet its financial obligations as they expire. The Trust main obligation is to pay the 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 in.

10.3 Market risk

Market risk occurs when changes in market prices, for example, in the exchange rate and interest rates, 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 Uruguayan 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 expressed in foreign currency. With a 10%

weakening of the Uruguayan peso against the U.S. dollar, the comprehensive income for the period would increase USD 25,010,266. If a strengthening of 10% were to occur, the comprehensive income for the period would be reduced by USD 675,889, equivalent to UYU 9,265,656.

b) Interest Rate Risk

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

c) Price risk

Price risk occurs when changes in market prices relevant to the activity carried out by the Trust affect its income or the value of the financial and non-financial instruments it holds.

The main assets exposed to this risk at each period end of the Financial Statements are as follows:

	USD		Equivalent in UYU	
	03/31/2022	12/31/2021	03/31/2022	12/31/2021
Inventories	5,082,669	4,592,698	208,973,916	205,270,658
Property, plant and equipment (Lands)	154,389,653	154,389,653	6,347,730,583	6,900,445,541
Biological assets	245,924,663	246,050,000	10,111,192,515	10,997,204,750
	405,396,985	405,032,351	16,667,897,014	18,102,920,949

Note 11 – Subsequent Events

After March 31, 2022, except for Decree 106/022 dated April 5, 2022, which provides for the termination of the national health emergency for the COVID-19 pandemic, no other events or circumstances have occurred that significantly affect the financial position of the Trust, its operating results, and its cash flows.