

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

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

Fideicomiso Financiero Forestal Bosques del Uruguay III

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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 III 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. 78,795

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

(in U.S. dollars and Uruguayan pesos)

	Note	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	149,349,748	149,518,741	6,140,514,871	6,682,740,138
Biological assets - plantations	4	63,402,533	63,625,683	2,606,795,134	2,843,749,896
Total non-current assets		212,752,281	213,144,424	8,747,310,005	9,526,490,034
Current assets					
Inventories	3.1	4,937,536	3,447,311	203,006,807	154,077,584
Trade receivables and other accounts receivable	3.2	1,868,786	112,260	76,835,156	5,017,472
Other financial assets	3.3	2,892,319	3,598,194	118,917,680	160,821,229
Cash and cash equivalents	3.4	251,672	965,704	10,347,496	43,162,123
Total current assets		9,950,313	8,123,469	409,107,139	363,078,408
Total assets		222,702,594	221,267,893	9,156,417,144	9,889,568,442
Equity					
Participation certificates	7	190,000,000	190,000,000	5,491,141,906	5,491,141,906
Revaluation reserve	7	26,298,721	26,298,722	1,175,421,339	1,175,421,339
Translation reserve	7	-	-	1,910,970,948	2,654,954,338
Retained earnings		(10,590,372)	(9,380,015)	(119,835,379)	(73,285,967)
Total equity		205,708,349	206,918,707	8,457,698,814	9,248,231,616
Liabilities					
Non-current liabilities					
Loans and liabilities	3.6	812,500	1,000,000	33,405,940	44,695,000
Deferred tax	2.15	8,063,677	7,417,789	331,538,077	331,538,077
Total non-current liabilities		8,876,177	8,417,789	364,944,017	376,233,077
Current liabilities					
Loans and liabilities	3.6	3,937,174	1,751,221	161,876,912	78,270,805
Trade payables and other accounts payable	3.5	4,180,894	4,180,176	171,897,401	186,832,944
Total current liabilities		8,118,068	5,931,397	333,774,313	265,103,749
Total equity		16,994,245	14,349,186	698,718,330	641,336,826
Total liabilities and equity		222,702,594	221,267,893	9,156,417,144	9,889,568,442

FIDEICOMISO FINANCIERO FORESTAL BOSQUES DEL URUGUAY III

Interim Statement of Comprehensive Income

for the three months ended March 31, 2022

(in U.S. dollars and Uruguayan pesos)

	Note	USD		Equivalent in UYU	
		03/31/2022	03/31/2021	03/31/2022	03/31/2021
Operating income	3.7	3,892,396	8,522,744	168,584,680	368,419,032
Cost of goods sold		(3,374,468)	(8,503,475)	(141,088,244)	(371,109,507)
Gross result		517,928	19,269	27,496,436	(2,690,475)
Administrative and selling expenses	3.8	(1,101,118)	(1,029,887)	(47,143,965)	(44,412,783)
Financial results	3.10	(627,167)	12,541	(26,901,883)	544,123
Profit or loss for the period before income tax		(1,210,357)	(998,077)	(46,549,412)	(46,559,135)
Income tax	2.15	-	-	-	-
Profit or loss for the period		(1,210,357)	(998,077)	(46,549,412)	(46,559,135)
Other comprehensive income for the period					
Revaluation of property, plant and equipment	5	-	-	-	-
Deferred tax associated with revaluation of property, plant and equipment	2.15	-	-	-	-
Translation reserve	2.2	-	-	(743,983,390)	300,177,436
Comprehensive income for the period		(1,210,357)	(998,077)	(790,532,802)	253,618,301

FIDEICOMISO FINANCIERO FORESTAL BOSQUES DEL URUGUAY III

Interim Statement of Cash Flows

for the three months ended March 31, 2022

(in U.S. dollars and Uruguayan pesos)

	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 from continuing operations before income tax	(1,210,357)	(998,077)	(46,549,412)	(46,559,135)
Adjustments				
Depreciations	201,844	199,647	8,589,394	8,637,081
Unpaid accrued interest	4,224	8,123	173,664	358,933
Costs of sales of standing forests	1,022,483	1,506,050	41,890,120	66,806,867
	18,194	715,743	4,103,766	29,243,746
Changes in assets and liabilities				
Trade receivables and other accounts receivable	(1,756,526)	(1,599,326)	(75,363,748)	(69,192,440)
Inventories	(368,238)	255,623	(15,799,261)	11,059,140
Other non-financial assets	705,874	(888,507)	30,285,524	(38,439,923)
Trade payables and other accounts payable	646,606	541,524	27,742,630	23,428,224
Translation adjustment	-	-	(2,903,908)	862,586
Net flows from operating activities	(754,090)	(974,943)	(31,934,997)	(43,038,667)
Cash flow used in investing activities				
Incurred costs of biological assets	(1,921,320)	(1,253,711)	(83,972,043)	(53,929,258)
Purchases of property, plant and equipment	(32,851)	(45,989)	(1,384,239)	(1,989,382)
Cash flow used in investing activities	(1,954,171)	(1,299,700)	(85,356,282)	(55,918,640)
Cash flow from financing activities				
Loans and liabilities	1,211,279	2,799,206	52,254,686	123,718,154
Cash flow from financing activities	1,211,279	2,799,206	52,254,686	123,718,154
Changes in cash flows and cash equivalents	(1,496,982)	524,563	(65,036,593)	24,760,847
Opening balance of cash and cash equivalents	965,704	1,428,765	43,162,123	60,493,896
Effect associated with the maintenance and conversion of cash and cash equivalents	-	-	30,968	1,056,940
Closing balance of cash and cash equivalents	(531,278)	1,953,328	(21,843,502)	86,311,683

FIDEICOMISO FINANCIERO FORESTAL BOSQUES DEL URUGUAY III

Interim Statement of Changes in Equity

for the three months ended March 31, 2022

(in U.S dollars)

	PARTICIPATION CERTIFICATES	REVALUATION RESERVE	RETAINED EARNINGS	TOTAL EQUITY
Balance at January 1, 2022	190,000,000	26,298,721	(9,380,015)	206,918,706
Profit or loss for the period			(1,210,357)	(1,210,357)
Balance at March 31, 2022	190,000,000	26,298,721	(10,590,372)	205,708,349
Balance at January 1, 2021	190,000,000	-	(28,808,704)	161,191,296
Profit or loss for the period	-	-	(998,077)	(998,077)
Balance at March 31, 2021	190,000,000	-	(29,806,781)	160,193,219

**Statement of changes in equity
for the three months ended March 31, 2022**

(in Uruguayan pesos)

	PARTICIPATION CERTIFICATES	REVALUATION RESERVE	TRANSLATION RESERVE	RETAINED EARNINGS	TOTAL EQUITY
Balance at January 1, 2022	5,491,141,906	1,175,421,339	2,654,954,338	(73,285,967)	3,451,143,835
Profit or loss for the period	-	-	-	(46,549,412)	150,500,865
Translation reserve	-	-	(743,983,390)	-	(16,186,941)
Balance at March 31, 2022	5,491,141,906	1,175,421,339	1,910,970,948	(119,835,379)	3,585,457,759
Balance at January 1, 2021	5,491,141,906	-	2,275,831,811	(942,134,243)	4,602,996,424
Profit or loss for the period	-	-	-	(46,559,135)	(371,980,892)
Translation reserve	-	-	300,177,438	-	1,888,730
Balance at March 31, 2021	5,491,141,906	-	2,576,009,249	(988,693,378)	4,232,904,262

FIDEICOMISO FINANCIERO FORESTAL BOSQUES DEL URUGUAY III

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

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

In the city of Montevideo, on August 22, 2016, the Fideicomiso Financiero Forestal Bosques del Uruguay III 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 November 16, 2016, the Central Bank of Uruguay [BCU, for its acronym in Spanish] authorized the registration of the Trust in the Securities Market Registry (Communication No. 2016/246).

The capital of the Trust has been 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 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.

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.

On December 6, 2016 (Subscription Closing Date), book-entry Participation Certificates amounting to USD 190,000,000 (one hundred ninety million U.S. dollars) to be issued by the Trustee, on behalf of the Trust Fideicomiso Financiero Forestal Bosques del Uruguay III, were placed in Bolsa Electrónica de Valores del Uruguay S.A. (BEVSA).

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 with Article 330 of the Central Bank of Uruguay's Compilation of Securities Market Standards, the Trust's accounting period and fiscal year ends on each December 31. 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

The regulation in force in Uruguay establishes that the functional currency shall provide useful information about the Trust and reflect the economic substance of events and relevant circumstances 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 would result from the application of the general translation method as equity adjustment; 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.

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 55,430,000, equivalent to UYU 2,477,443,850.

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 130,993,207, equivalent to UYU 5,854,741,432.

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. 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, except as indicated above for the land.

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.

2.14 Statement of cash flows

In preparing the statement of cash flows, the definition of funds as for cash and cash equivalents is used, applying the indirect method.

The items comprising cash and cash equivalents are presented below:

<i>Item</i>	USD		Equivalent in UYU	
	03/31/2022	12/31/2021	03/31/2022	12/31/2021
Banks	251,672	965,704	10,347,496	43,162,123
Bank overdraft	(782,950)	-	(32,190,998)	-
	(531,278)	965,704	(21,843,502)	43,162,123

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) 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 5) 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.

(b) 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 Impairment loss on 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	
	30/31/2022	12/31/2021	03/31/2022	12/31/2021
Wood	4,478,364	3,341,751	184,127,971	149,359,614
Herbicide	281,136	95,929	11,558,903	4,287,530
Fertilizer	71,325	1,831	2,932,531	81,819
Ant killer	4,504	7,800	185,182	348,621
Seedlings	102,207	-	4,202,220	-
	4,937,536	3,447,311	203,006,807	154,077,584

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	1,831,995	76,753	75,322,480	3,430,518
Receivables for grazing	36,758	35,507	1,511,301	1,586,954.0
Receivables for beehives	33	-	1,375	-
	1,868,786	112,260	76,835,156	5,017,472

3.3 Other non-financial assets

<i>Item</i>	USD		Equivalent in UYU	
	03/31/2022	12/31/2021	03/31/2022	12/31/2021
Advances to suppliers	100,136	21,510	4,117,100	961,345
Tax credits	2,787,117	3,576,684	114,592,311	159,859,884
Other credits	5,066	-	208,269	-
	2,892,319	3,598,194	118,917,680	160,821,229

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	251,672	965,704	10,347,496	43,162,123
	251,672	965,704	10,347,496	43,162,123

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	2,798,032	1,586,390	115,041,095	70,903,686
Tax creditors	1,329,259	2,469,963	54,652,409	110,394,979
Other accounts payable	71,006	79,677	2,919,402	3,561,213
Provisions	11,834	27,385	486,568	1,223,951
Insurances	(29,237)	16,761	(1,202,073)	749,115
	4,180,894	4,180,176	171,897,401	186,832,944

3.6 Loans and liabilities – Current and non-current

<i>Item</i>	USD		Equivalent in UYU	
	03/31/2022	12/31/2021	03/31/2022	12/31/2021
Bank loans	3,966,724	2,751,221	163,091,854	122,965,805
Bank overdraft	782,950	-	32,190,998	-
	4,749,674	2,751,221	195,282,852	122,965,805

As of March 31, 2022, bank loans firstly correspond to a loan in U.S. dollars taken from a local bank for a principal amount of USD 3,000,000, equivalent to UYU 123,345,000, to be paid in 48 equal, consecutive and

monthly instalments since May 30, 2020. As of the date of these statements, 23 principal instalments of USD 1,437,500 equivalent to UYU 59,102,813, have been paid.

Additionally, a bank loan in U.S. dollars was taken from a local bank for a principal amount of USD 1,000,000, equivalent to UYU 41,115,000, to be paid in full on March 13, 2022.

In addition, a loan in U.S. dollars was taken from a local bank, for a principal amount of USD 1,400,000, equivalent to UYU 57,561,000, to be paid in full on June 10, 2022.

Finally, a bank overdraft in U.S. dollars was taken from a local bank for USD 2,000,000, of which the amount of USD 782,950, equivalent to UYU 32,190,998, was used, on the date these financial statements were issued.

As of December 31, 2021, bank loans firstly correspond to a loan in U.S. dollars taken from a local bank for a principal amount of USD 3,000,000, equivalent to UYU 134,085,000, to be paid in 48 equal, consecutive and monthly instalments since May 30, 2020. As of the date of these statements, 20 principal instalments of USD 1,250,000, equivalent to UYU 55,868,750, have been paid.

Additionally, a bank loan in U.S. dollars was taken from a local bank for a principal amount of USD 1,000,000, equivalent to UYU 44,695,000, to be paid in full on March 14, 2022.

Accrued and unpaid interests as of the date of these financial statements amount to USD 4,224 equivalent to UYU 173,667, and USD 1,221, equivalent to UYU 54,594, as of March 31, 2022, and December 31, 2021, respectively.

3.7 Operating income

<i>Item</i>	USD		Equivalent in UYU	
	03/31/2022	12/31/2022	03/31/2022	12/31/2021
Income from sale of wood	3,806,543	8,282,131	164,931,335	357,872,672
Income from grazing	85,819	90,613	3,651,975	3,919,060
Income from beehives	33	-	1,370	-
Income from carbon credits	-	150,000	-	6,627,300
	3,892,396	8,522,744	168,584,680	368,419,032

3.8 Administration and selling expenses

<i>Item</i>	USD		Equivalent in UYU	
	03/31/2022	03/31/2021	03/31/2022	03/31/2021
Forestry operator fee	477,371	445,989	20,314,842	19,233,424
Other fees	72,430	67,119	3,137,836	2,880,340
Field expenses	274,933	239,887	11,917,036	10,331,023
Depreciation	201,844	199,647	8,589,396	8,637,082
Taxes	2,092	1,904	88,995	81,817
Other expenses	72,448	75,341	3,095,860	3,249,097
	1,101,118	1,029,887	47,143,965	44,412,783

3.9 Financial results

<i>Item</i>	USD		Equivalent in UYU	
	03/31/2022	03/31/2021	03/31/2022	03/31/2021
Interest on bank loan	21,782	37,777	929,157	1,638,630
Interest and bank charges	8,680	14,237	371,098	610,133
Translation difference	596,705	(64,555)	25,601,628	(2,792,886)
	627,167	(12,541)	26,901,883	(544,123)

Note 4 - Biological Assets – Plantations

Biological assets comprise forest plantations located mainly in the departments of Cerro Largo, Lavalleja, Rocha, Florida and Treinta y Tres; which are composed mainly by Eucalyptus Dunnii, Globulus, and Pine Taeda and Hybrid species. As of March 31, 2022, forest plantations comprised 27,354 hectares on an area of approximately 46,000 hectares.

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	63,625,683	40,986,914	2,843,749,896	1,735,385,939
Cost increase added to biological assets	1,921,320	4,915,224	83,972,042	213,783,555
Reduction by harvest of biological assets	(2,144,470)	(4,919,296)	(95,847,092)	(218,239,288)
Change in the fair value of biological assets	-	22,642,841	-	1,012,021,778
Translation adjustments	-	-	(225,079,712)	100,797,910
	63,402,533	63,625,683	2,606,795,134	2,843,749,896

Note 5 - Property, Plant and Equipment

Property, plant and equipment is composed as follows:

In U.S. dollars:

Item	03/31/2022												12/31/2021	
	Source values						Depreciations						Net values	Net values
	Opening Values	Additions	Write off	Revaluation	Translation adjustment	Closing values	Accumulated at opening	Write off	For the period	Translation adjustment	Accumulated at closing			
Lands	130,993,207	-	-	-	-	130,993,207	-	-	-	-	-	130,993,207	130,993,207	
Improvements	20,206,258	-	-	-	-	20,206,258	(2,434,717)	-	(174,698)	-	(2,609,415)	17,596,843	17,771,541	
Others														
Improvements	1,080,120	32,851	-	-	-	1,112,971	(326,127)	-	(27,146)	-	(353,273)	759,698	753,993	
Total	152,279,585	32,851	-	-	-	152,312,436	(2,760,844)	-	(201,844)	-	(2,962,688)	149,349,748	149,518,741	

Equivalent in Uruguayan pesos:

Item	03/31/2022												31/12/2021	
	Gross values						Depreciations						Net values	Net values
	Opening Values	Additions	Write off	Revaluation	Translation adjustment	Closing values	Accumulated at opening	Write off	For the period	Translation adjustment	Accumulated at closing			
Lands	5,854,741,432	-	-	-	(468,955,685)	5,385,785,747	-	-	-	-	-	5,385,785,747	5,854,741,432	
Improvements	903,118,674	-	-	-	(72,338,401)	830,780,273	(108,819,678)	-	(7,434,401)	8,967,970	(107,286,109)	723,494,164	794,298,996	
Others														
Improvements	48,275,952	1,384,238	-	-	(3,900,410)	45,759,780	(14,576,242)	-	(1,154,993)	1,206,415	(14,524,820)	31,234,960	33,699,710	
Total	6,806,136,058	1,384,238	-	-	(545,194,496)	6,262,325,800	(123,395,920)	-	(8,589,394)	10,174,385	(121,810,929)	6,140,514,871	6,682,740,138	

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:

	03/31/2022		31/12/ 2021	
	UYU	Equivalent in UYU	UYU	Equivalent in UYU
Assets				
Trade receivables and other accounts receivable	6,417,517	156,087		
Other non-financial assets	115,657,977	2,813,036	160,204,451	3,584,393
Cash and cash equivalents	945,571	22,998	734,411	16,432
Total	123,021,065	2,992,121	160,938,862	3,600,825
Total assets	123,021,065	2,992,121	160,938,862	3,600,825
Liabilities				
Non-current liabilities				
Deferred tax	(331,538,077)	(8,063,677)	(331,538,077)	(7,417,789)
Total non-current liabilities	(331,538,077)	(8,063,677)	(331,538,077)	(7,417,789)
Current liabilities				
Trade payables and other accounts payable	(112,062,941)	(2,725,597)	(139,500,260)	(3,121,160)
Total current liabilities	(112,062,941)	(2,725,597)	(139,500,260)	(3,121,160)
Total liabilities	(443,601,018)	(10,789,274)	(471,038,337)	(10,538,949)
Net position	(320,579,953)	(7,797,153)	(310,099,475)	(6,938,124)

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 190,000,000 were registered in the Securities Market Registry. The face value of each participation certificate is USD 1,000 (one thousand dollars).

Participation Certificates were paid on a deferred basis in accordance with the procedures and schedules provided in the Agreement.

Participation certificates were paid in as of March 31, 2022 as follows:

Date	USD	Equivalent in UYU
Dec/07/2016	9,502,000	273,619,592
Feb/13/2017	161,501,000	4,630,556,672
Nov/06/2017	10,000,000	291,990,000
Sep/24/2018	8,997,000	294,975,642
Total Paid-in Capital	190,000,000	5,491,141,906

Note 8- Commitments

Commitments as of March 31, 2022 for grazing contracts on land owned by the Trust amount to USD 44,174 corresponding to 10,769 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:

Item	USD		Equivalent in UYU	
	03/31/2022	12/31/2022	03/31/2022	12/31/2021
Agroempresa Forestal S.A.	216,710	203,493	8,910,044	9,095,108
	216,710	203,493	8,910,044	9,095,108

b) Transactions with related parties are composed as follows:

Accrued fees	USD		Equivalent in UYU	
	03/31/2022	03/31/2021	03/31/2022	03/31/2021
Agroempresa Forestal S.A.	477,371	445,989	20,314,842	19,233,424
	477,371	445,989	20,314,842	19,233,424

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.

Accounts receivables risk is comprised by approximately ten debtors that pay off timber sales in the short term and that have always met their obligations.

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 708,832, equivalent to UYU 32,057,995. If a strengthening of 10% were to occur, the comprehensive income for the period would be reduced by USD 866,350, equivalent to UYU 32,057,995.

b) Interest Rate Risk

The Trust is exposed to low interest rate risk. No financial indebtedness.

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	
	3/31/2022	12/31/2021	03/31/2022	12/31/2021
Inventories	4,937,536	3,447,311	203,006,807	154,077,584
Property, plant and equipment (Lands)	130,993,207	130,993,207	5,385,785,747	5,854,741,432
Biological assets	63,402,533	63,625,683	2,606,795,134	2,843,749,896
	199,333,276	198,066,201	8,195,587,688	8,852,568,912

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.