

Fideicomiso Financiero Forestal Bosques del Uruguay II
Financial Forestry Trust Bosques del Uruguay II

**INTERIM FINANCIAL STATEMENTS AND
COMPILATION REPORT
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2023**

NOTICE: This is a translation of the original document in Spanish. This document was translated by a third party. In case of any deviation, the original version prepared by the auditor is available and shall prevail.

Fideicomiso Financiero Forestal Bosques del Uruguay II

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Abbreviations:

UYU – Uruguayan peso

USD – U.S. Dollar

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 II as of March 31, 2023, 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 any 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 28, 2023.



CPA FERRERE

[Signature:] LEONARDO ISOARDI

Partner

Certified Public Accountant

Retirement and Pension Fund for University Professionals No. 78,795

[Evidence of payment of Retirement and Pension Fund for University Professionals fee]



FIDEICOMISO FINANCIERO FORESTAL BOSQUES DEL URUGUAY II
Interim Statement of Financial Position as of March 31, 2023

(in U.S. dollars and Uruguayan pesos)

	Notes	USD		Equivalent in UYU	
		3/31/2023	12/31/2022	3/31/2023	12/31/2022
Assets					
Non-current assets					
Property, plant and equipment	5	50,080,768	50,157,527	1,935,521,507	2,009,862,272
Biological assets - plantations	4	66,928,855	67,060,000	2,586,666,395	2,687,161,260
Deferred tax					
Total non-current assets		117,009,623	117,217,527	4,522,187,902	4,697,023,532
Current assets					
Inventories	3.1	1,128,282	453,825	43,605,818	18,185,235
Trade receivables and other accounts receivable	3.2	6,639	654,766	256,600	26,237,113
Other financial assets	3.3	893,749	568,535	34,541,617	22,781,735
Cash and cash equivalent	3.4	279,154	635,543	10,788,725	25,466,846
Total current assets		2,307,824	2,312,669	89,192,760	92,670,929
Total assets		119,317,447	119,530,196	4,611,380,662	4,789,694,461
Equity					
Participation certificates	7	70,000,000	70,000,000	1,988,715,600	1,988,715,600
Revaluation reserve		8,403,950	8,403,950	368,649,030	368,649,030
Translation reserve	7			599,338,462	764,042,746
Retained earnings		36,842,176	37,423,381	1,497,329,169	1,519,909,594
Total equity		115,246,126	115,827,331	4,454,032,261	4,641,316,970
Liabilities					
Non-current liabilities					
Deferred tax liabilities	2.15	2,697,842	2,602,037	104,266,219	104,266,219
Total non-current liabilities		2,697,842	2,602,037	104,266,219	104,266,219
Current liabilities					
Trade payables and other accounts payable	3.5	1,172,746	872,179	45,324,294	34,949,093
Other financial liabilities	3.6	200,732	228,649	7,757,888	9,162,179
Total current liabilities		1,373,478	1,100,828	53,082,182	44,111,272
Total liabilities		4,071,320	3,702,865	157,348,401	148,377,491
Total liabilities and equity		119,317,447	119,530,196	4,611,380,662	4,789,694,461

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

FIDEICOMISO FINANCIERO FORESTAL BOSQUES DEL URUGUAY II

**Interim Statement of Comprehensive Income
for the three months ended March 31, 2023**

(in U.S. dollars and Uruguayan pesos)

	Notes	USD		Equivalent in UYU	
		03/31/2023	03/31/2022	03/31/2023	03/31/2022
Operating revenue	3.7	289,684	3,019,980	11,281,462	130,369,419
Cost of goods sold		(128,909)	(2,379,561)	(4,996,470)	(99,571,432)
Gross income		160,775	640,419	6,284,992	30,797,987
SG&A	3.8	(651,730)	(407,558)	(25,313,914)	(17,454,745)
Financial results	3.9	(90,250)	(266,895)	(3,551,503)	(11,454,512)
Profit or loss for the period before income tax		(581,205)	(34,034)	(22,580,425)	1,888,730
Income tax	2.15	-	-	-	-
Profit or loss for the period		(581,205)	(34,034)	(22,580,425)	1,888,730
Items that may be subsequently reclassified to profit or loss					
Translation reserve	2.2	-	-	(164,704,284)	(371,980,892)
Comprehensive income for the period		(581,205)	(34,034)	(187,284,709)	(370,092,162)

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

FIDEICOMISO FINANCIERO FORESTAL BOSQUES DEL URUGUAY II

Interim Statement of Cash Flows for the three months ended March 31, 2023 (in U.S. dollars and Uruguayan pesos)

	USD		Equivalent in UYU	
	3/31/2023	3/31/2022	3/31/2023	3/31/2022
Cash flow from operating activities				
Profit or loss for the period before income tax	(581,205)	(34,034)	(22,580,425)	1,888,730
Adjustments for:				
Depreciations	5 81,368	78,875	3,163,173	3,356,565
Costs of sales of standing forests	-	580,421	-	23,779,277
Unpaid accrued interest	732	2,620	28,288	107,727
	(499,105)	627,882	(19,388,964)	29,132,299
Changes in assets and liabilities				
Trade receivables and other accounts receivable	648,126	823,132	25,509,915	35,316,478
Inventories	(674,457)	51,189	(26,546,290)	2,196,274
Other non-financial assets	(325,214)	(333,925)	(12,800,260)	(14,327,052)
Trade payables and other accounts payable	396,372	(1,606)	15,601,004	(68,905)
Translation adjustment	-	-	(915,324)	(4,333,740)
Net flows from operating activities	(454,278)	1,166,672	(18,539,919)	47,915,354
Cash flow used in investing activities				
Costs related to biological assets	4 131,145	(292,939)	5,085,563	(12,423,192)
Purchases of property, plant and equipment	(4,610)	-	(179,475)	-
Investments in other financial assets	-	-	-	-
Sale of property, plant and equipment, and forest plantations	-	-	-	-
Net cash flow used in investing activities	126,535	(292,939)	4,906,088	(12,423,192)
Cash flow from financing activities				
Loan	(28,649)	(1,038,542)	(1,087,989)	(47,501,973)
Net flow from financing activities	(28,649)	(1,038,542)	(1,087,989)	(47,501,973)
Changes in cash flows and cash equivalents	(356,392)	(164,809)	(14,721,820)	(12,009,811)
Opening balance of cash and cash equivalents	635,543	1,427,069	25,466,846	63,782,852
Effect of exchange rate changes on cash and cash equivalents	-	-	43,698	124,788
Closing balance of cash and cash equivalents	279,154	1,262,260	10,788,725	51,897,829

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

FIDEICOMISO FINANCIERO FORESTAL BOSQUES DEL URUGUAY II

**Interim Statement of Changes in Equity
for the three months ended March 31, 2023**
(in U.S dollars)

	PARTICIPATION CERTIFICATES	VALUATION RESERVE	RETAINED EARNINGS	TOTAL EQUITY
Balance as of December 31, 2021	70,000,000	6,897,565	26,089,266	102,986,831
Profit or loss for the period			(34,034)	(34,034)
Balance as of March 31, 2022	70,000,000	6,897,565	26,055,232	102,952,797
Profit or loss for the period			11,368,149	11,368,149
Revaluation of property, plant and equipment		1,506,385		1,506,385
Balance as of December 31, 2022	70,000,000	8,403,950	37,423,381	115,827,331
Profit or loss for the period			(581,205)	(581,205)
Balance as of March 31, 2023	70,000,000	8,403,950	36,842,176	115,246,126

**Interim Statement of Changes in Equity
for the three months ended March 31, 2023**
(in Uruguayan pesos)

	PARTICIPATION CERTIFICATES	VALUATION RESERVE	TRANSLATION RESERVE	RETAINED EARNINGS	TOTAL EQUITY
Balance as of December 31, 2021	1,988,715,600	308,286,664	1,242,170,793	1,063,823,366	4,602,996,423
Translation reserve			(371,980,892)		(371,980,892)
Profit or loss for the period				1,888,730	1,888,730
Balance as of March 31, 2022	1,988,715,600	308,286,664	870,189,901	1,065,712,096	4,232,904,261
Translation reserve			(106,147,155)		(106,147,155)
Revaluation of property, plant and equipment		60,362,366			60,362,366
Profit or loss for the period				454,197,498	454,197,498
Balance as of December 31, 2022	1,988,715,600	368,649,030	764,042,746	1,519,909,594	4,641,316,970
Translation reserve			(164,704,284)		(164,704,284)
Profit or loss for the period				(22,580,425)	(22,580,425)
Balance as of March 31, 2023	1,988,715,600	368,649,030	599,338,462	1,497,329,169	4,454,032,261

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

FIDEICOMISO FINANCIERO FORESTAL BOSQUES DEL URUGUAY II

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED MARCH 31, 2023

1. GENERAL INFORMATION ON FIDEICOMISO FORESTAL BOSQUES DEL URUGUAY II

In the city of Montevideo, on August 14, 2014, the Trust Agreement was executed by and between EF ASSET MANAGEMENT Administradora de Fondos de Inversión S.A., acting as "Trustee", Agroempresa Forestal S.A., acting as "Manager", and the Initial Underwriters of the Securities, acting as "Trustors", to create the Trust Fideicomiso Financiero Forestal Bosques del Uruguay II.

On December 5, 2014, the Central Bank of Uruguay [BCU, for its acronym in Spanish] authorized the registration of the Trust in the Securities Market Registry (Communication No. 2014/208).

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 fulfil the purposes thereof.

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, to carry out forestry operations.

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

The Trustee shall appoint the Manager, by the execution of the Management Agreement, to manage the assets of the Trust and to implement its Business Plan and the Management Agreement. Notwithstanding the foregoing, the Trustee shall be responsible for the performance of the Manager and for its subcontracted activities.

The Trust shall not invest in such securities not permitted to Pension Savings Funds.

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

In accordance with the provisions of the Trust Agreement, forest plantations and lands shall be valued as of December 31 of each year.

On January 19, 2015 (Subscription Closing Date), book-entry Participation Certificates amounting to USD 70,000,000 (seventy million U.S. dollars) issued by the Trustee, on behalf of the Financial Trust Fideicomiso Financiero Forestal Bosques del Uruguay II, were placed in Bolsa Electrónica de Valores del Uruguay S.A. (BEVSA).

The Participation Certificates shall 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, 2023.

These interim financial statements have been authorized for issuance by EF Asset Management Administradora de Fondos de Inversión S.A., Trustee of the Trust, dated April 28, 2023.

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, 2022.

Decree 108/22 dated April 4, 2022, provides the option for entities covered by Decree 124/11 the criteria for presentation of equity items introduced by the aforementioned decree. The Trust has not opted for the application of the presentation criteria provided for in such decree.

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

IAS 21 states that functional currency shall provide useful information about the Trust and reflect its economic substance of events and its relevant circumstances. 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 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:

- assets and liabilities shall be translated at the closing exchange rate;
- income and expenses shall be translated at the exchange rate in effect at the date of the respective transactions;
- equity, except for the profit or loss for the period, shall be translated at the closing exchange rate;

- translation gains and losses shall be directly recognized in equity without affecting the profit or loss for the period.

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 the application of the general criterion of translation as adjustment to equity; 2) retained earnings correspond to the financial performance, since the Trust was established, expressed in U.S. dollars and translated in accordance with the general translation standard.

The difference arising from the use of the closing exchange rate for assets, liabilities and equity translation, and the exchange rate in effect at the date of each transaction for the profit or loss for the period is directly presented in the equity item under the heading "Adjustment to Equity" 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 profit or loss. 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) have been 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, 2022, and March 31, 2023, are presented in the statement of financial position at their fair value as of December 31, 2022.

The Trust annually determines the value of forest plantations according to the valuation of its forests, conducted by external forest appraisers. The fair value of forest plantations is estimated by the external appraiser using current value techniques of estimated fund flows, and mainly income or expectation approach techniques.

On the basis of such methodology, the external appraiser determined that the fair value of the biological assets as of December 31, 2022, amounted to USD 67,060,000, equivalent to UYU 2,687,161,260.

To this end, the following elements were considered:

- the representative prices estimated in the projection for the period,
- variable and fixed annual costs related to wood 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. The most significant source of information used to determine this value was the prices of comparable goods.

2.10 Inventories

Inventories are valued at acquisition cost.

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

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

2.11 Property, plant and equipment

The components and evolution of property, plant and equipment balances for the three-month period ended March 31, 2023, is set out in Note 5 of these financial statements.

In accordance with the terms of the agreement, the land was valued by an external appraiser on December 31, 2022. Its book value was adjusted to the values provided in the report issued by such expert, which amounted to USD 44,036,374, equivalent to UYU 1,764,581,543.

The fair value of such land has been 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 historical cost, after deducting the relevant accumulated depreciation.

Disbursements after the acquisition of an item of property, plant and equipment were included in the carrying amount of assets when it is likely that future economic benefits, in addition to those originally assessed, will derive therefrom.

The Board and the Management estimated that the net book value of the assets will not exceed their use value and that there have been no impairment losses on any item of property, plant, and equipment.

Depreciations for the period have been charged to selling, general and administrative expenses.

2.12 Accrual basis and revenue recognition

Revenue is recognized when earned and losses when incurred, regardless of when they are collected or paid, respectively. Income 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 entity has transferred the most significant risks of ownership to the customer or once such services are performed, and the amount of revenue can be measured reliably.

Income and expenses included in the statement of comprehensive income are recognized at the amount originally obtained or disbursed for the goods or services.

Selling, general and administrative expenses, financial results and others are recognized on an accrual basis.

2.13 Definition of capital

The difference in value of equity as of March 31, 2023, with respect to the amount of capital to be maintained has been regarded as the profit or loss 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.

2.15 Taxes, current income tax and deferred tax

The Trust is subject to VAT, the Corporate Income Tax [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 forests planted 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, 2023, 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 resources will be used to cancel such obligations in the future, and those obligations may be reliably estimated.

2.17 Financial Instruments

The main financial instruments of the Trust are deposits in bank checking accounts.

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 in 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, revenue 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 or not there are any indications of impairment. If an impairment event occurs, the recoverable amount of the assets is estimated to determine whether it is necessary to write down the value of the assets.

(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 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 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 the end of each reporting period, the Trust hires an external appraiser to determine the fair value of the lands and forests.

Key assumptions used in the impairment test

In order to determine the impairment loss, the Management has hired an external appraiser, who has estimated future flows of funds for the remaining life of the Trust.

Measurement of the impairment loss is based on complex estimates that require the application of assumptions and professional judgment by the appraiser, which include:

(a) Wood flows

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

- Stratify forest plantations
- Validation of growth and yield 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) The price of wood

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

(e) The price of land and cost

It is the weighted average potential price of land.

(f) Determining the discount rate

The discount rate is related to the capital cost of the resources (debt and equity) used in the financing of net operating assets and 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 has applied the sensitivity analysis to assess whether changes in the discount rate estimates, the prices of wood, forests and general costs, and land sales prices could 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, 2023, are similar to the ones applied for the fiscal year ended December 31, 2022.

3 - OPENING OF ITEMS

3.1 Inventories

<i>Item</i>	USD		Equivalent in UYU	
	3/31/2023	12/31/2022	3/31/2023	12/31/2022
Wood	1,030,559	379,645	39,660,777	15,155,710
Coadjuvant	5,472	4,723	226,803	198,093
Herbicide	48,323	27,715	1,957,564	1,154,218
Fertilizer	6,665	4,475	272,128	186,637
Ant killer	5,173	5,627	207,733	227,306
Seedlings	14,632	14,182	561,279	543,736
Seeds	17,458	17,458	719,535	719,535
	1,128,282	453,825	43,605,818	18,185,235

3.2 Trade receivables and other accounts receivable

<i>Item</i>	USD		Equivalent in UYU	
	3/31/2023	12/31/2022	3/31/2023	12/31/2022
Trade receivables	-	645,042	-	25,847,483
Grazing debtors	6,196	9,571	239,463	383,520
Beehives debtors	443	153	17,137	6,110
	6,639	654,766	256,600	26,237,113

3.3 Other non-financial assets

<i>Item</i>	USD		Equivalent in UYU	
	3/31/2023	12/31/2022	3/31/2023	12/31/2022
Trade payables	(580,123)	479,181	(22,420,582)	19,201,275
Tax creditors	(502,306)	327,154	(19,413,107)	13,109,385
Customer advances	(46,571)	25,329	(1,799,891)	1,014,970
Provisions	(39,315)	40,515	(1,519,463)	1,623,463
Other accounts payable	(4,431)	-	(171,251)	-
	(1,172,746)	872,179	(45,324,294)	34,949,093

3.4 Cash and cash equivalents

<i>Item</i>	USD		Equivalent in UYU	
	3/31/2023	12/31/2022	3/31/2023	12/31/2022
Tax credits	868,643	564,880	33,571,297	22,635,257
Advances to suppliers	947	3,655	36,617	146,478
Other non-financial credits	24,159	-	933,703	-
	893,749	568,535	34,541,617	22,781,735

3.5 Trade accounts and other accounts payable

<i>Item</i>	USD		Equivalent in UYU	
	3/31/2023	12/31/2022	3/31/2023	12/31/2021
Banks	279,154	635,543	10,788,725	25,466,846
	279,154	635,543	10,788,725	25,466,846

3.6 Other financial liabilities

<i>Item</i>	USD		Equivalent in UYU	
	3/31/2023	12/31/2022	3/31/2023	12/31/2022
Bank loan	(200,732)	228,649	(7,757,888)	9,162,179
	(200,732)	228,649	(7,757,888)	9,162,179

The balance as of March 31, 2023 corresponds to a fixed-term Note in U.S. dollars issued by a local bank, for the principal amount of USD 200,000, equivalent to UYU 7,729,600. This note shall be paid on May 8, 2023.

The balance as of December 31, 2022 corresponds to a fixed-term Note in U.S. dollars issued by BBVA Uruguay S.A., in September 2022, for the principal amount of USD 400,000, equivalent to UYU. 16,028,400. This note shall be paid on January 31, 2023, however, USD 29,630, in September 2022, and USD 21,674 in November 2022 have been already paid. Therefore, the outstanding principal as of December 31, 2022 amounted to USD 228,649, equivalent to UYU 9,162,179.

Accrued and unpaid interests as of the date of these financial statements amounted to USD 732, equivalent to UYU 28,288, and to USD 409, equivalent to UYU 16,403 as of December 31, 2022.

3.7 Operating revenues

<i>Item</i>	USD		Equivalent in UYU	
	3/31/2023	3/31/2022	3/31/2023	3/13/2022
Revenue from sale of wood	(235,438)	2,976,311	9,172,706	128,510,546
Revenue from grazing	(53,864)	43,318	2,093,905	1,844,365
Lease revenue	-	351	-	14,508
Revenue from beehives	(383)	-	14,851	-
	(289,684)	3,019,980	11,281,462	130,369,419

3.8 Administration and selling expenses

	USD		Equivalent in UYU	
	3/31/2023	3/31/2022	3/31/2023	3/31/2022
Forestry operator fees	331,794	103,892	12,855,801	4,421,209
Registered Agent fees	14,000	14,000	542,514	618,310
Other fees	53,575	39,676	2,095,209	1,718,264
Farm expenses	113,462	96,987	4,419,226	4,156,581
Depreciation	81,369	78,875	3,163,173	3,356,565
Taxes	17,042	15,018	662,487	638,500
Sundry	13,866	29,272	539,005	1,257,654
Insurances	26,622	29,838	1,036,499	1,287,662
	651,730	407,558	25,313,914	17,454,745

3.9 Financial results

<i>Item</i>	USD		Equivalent in UYU	
	3/31/2023	3/31/2022	3/31/2023	3/31/2022
Interest and bank charges	(481)	(3,696)	(18,850)	(159,834)
Interest on banknotes	(1,116)	(6,864)	(43,325)	(296,632)
Exchange rate difference	(88,653)	(256,335)	(3,489,328)	(10,998,046)
	(90,250)	(266,895)	(3,551,503)	(11,454,512)

4- BIOLOGICAL ASSETS – PLANTATIONS

Biological assets comprise forest plantations located mainly in the departments of Cerro Largo, Lavalleja and Treinta y Tres; which are composed mainly by Eucalyptus Grandis, Saligna, Dunnii and Globulus, and Pinus Elioti species. As of March 31, 2023, forest plantations comprised 9,120 hectares on an area of approximately 14,703 hectares (as of December 31, 2022, they comprised 9,201 hectares).

The evolution of the biological asset for the three-month period ended March 31, 2023, and December 31, 2022, is detailed below:

	USD		Equivalent in UYU	
	3/31/2023	12/31/2022	3/31/2023	12/31/2022
Opening balance	67,060,000	55,430,000	2,687,161,260	2,477,443,850
Cost increase added to biological assets	(131,145)	1,285,634	(5,085,563)	52,390,932
Reduction by harvest of biological assets	-	(647,846)	-	(26,393,070)
Change in the fair value of biological assets	-	10,992,212	-	440,468,929
Translation adjustments	-	-	(95,409,302)	(256,749,381)
	66,928,855	67,060,000	2,586,666,395	2,687,161,260

5- PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is composed as follows:

In U.S. dollars:

03/31/2023													12/31/2022
Item	Source Values						Depreciations					Net values	Net values
	Opening values	Additions	Disposals	Revaluation	Translation adjustment	Closing values	Accumulated at opening	Disposals	For the period	Translation adjustment	Accumulated at closing		
Lands	44,036,374	-	-	-	-	44,036,374	-	-	-	-	-	44,036,374	44,036,374
Improvements	6,792,152	-	-	-	-	6,792,152	(1,225,964)	-	(59,836)	-	(1,285,800)	5,506,352	5,566,188
Other improvements	861,289	4,610	-	-	-	865,899	(306,325)	-	(21,532)	-	(327,857)	538,043	554,965
Total	51,689,815	4,610	-	-	-	51,694,425	(1,532,289)	-	(81,368)	-	(1,613,657)	50,080,768	50,157,527

Equivalent in Uruguayan pesos:

03/31/2023													12/31/2022
Item	Source Values						Depreciations					Net values	Net values
	Opening values	Additions	Disposals	Revaluation	Translation adjustment	Closing values	Accumulated at opening	Disposals	For the period	Translation adjustment	Accumulated at closing		
Lands	1,764,581,543	-	-	-	(62,663,760)	1,701,917,782	(49,125,569)	-	(2,326,122)	1,758,089	-	1,701,917,782	1,764,581,543
Improvements	272,168,314	-	-	-	(9,665,232)	262,503,082	(49,125,569)	-	(2,326,122)	1,758,089	(49,693,602)	212,809,480	223,042,746
Otras improvements	34,512,713	179,475	-	-	(1,226,937)	33,465,251	(12,274,729)	-	(837,051)	440,773	(12,671,007)	20,794,245	22,237,984
Total	2,071,262,569	179,475	-	-	(73,555,929)	1,997,886,115	(61,400,297)	-	(3,163,173)	2,198,862	(62,364,608)	1,935,521,507	2,009,862,272

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, 2023		December 31, 2022	
	UYU	Equivalent in USD	UYU	Equivalent in USD
Assets				
Other non-financial assets	33,612,197	869,701	-	-
Other financial assets	-	-	22,761,459	568,028
Cash and cash equivalents	330,948	8,563	86,620	2,162
Total	33,943,145	878,264	22,848,079	570,190
Total assets	33,943,145	878,264	22,848,079	570,190
Liabilities				
Non-current liabilities				
Deferred tax	(104,266,219)	(2,697,843)	(104,266,219)	(2,602,037)
Total	(104,266,219)	(2,697,843)	(104,266,219)	(2,602,037)
Total liabilities				
Trade payables and other accounts payable	(24,656,292)	(637,971)	(28,655,564)	(715,120)
Total	(128,922,511)	(3,335,814)	(28,655,564)	(715,120)
Total liabilities	(233,188,730)	(6,033,657)	(132,921,783)	(3,317,157)
Net position	(94,979,367)	(2,457,550)	(110,073,704)	(2,746,967)

The U.S. dollar exchange rate as of March 31, 2023, was UYU 38.648 and UYU 40.071 as of December 31, 2022.

7 – EQUITY

Book-Entry Participation Certificates for a nominal value of USD 70,000,000 (equivalent to UYU 1,988,715,600) were registered in the Securities Market Registry. The nominal value of each participation certificate is USD 1,000 (one thousand dollars).

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

8- COMMITMENTS AND CONTINGENCIES

Commitments as of March 31, 2023, for grazing contracts on land owned by the Trust amounted to USD 53,864, corresponding to 12,142 hectares of pastured land.

9 - BALANCES AND TRANSACTIONS WITH RELATED PARTIES

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

	USD		Equivalent in UYU	
	03/31/2023	12/31/2022	03/31/2023	12/31/2022
Accounts payable				
Agro Empresa Forestal S.A.	142,814	43,619	5,519,469	1,820,489
	142,814	43,619	5,519,469	1,820,489

b) Transactions with related parties are composed as follows:

	USD		Equivalent in UYU	
	3/31/2023	3/31/2022	03/31/2023	03/31/2022
Accrued fees				
Agro Empresa Forestal S.A.	331,794	103,892	12,855,801	4,421,209
	331,794	103,892	12,855,801	4,421,209

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 the contractual obligations.

The Trust is not significantly exposed to this risk as it does not hold a great deal of credits and there are restrictions on the instruments in which it can invest. Its main assets are measured at fair value as indicated in Note 2.9 and 2.11.

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 it will invest in.

10.3 Market risk

Market risk occurs when changes in market prices, for example, in the exchange and interest rates, affect the income of the Trust or the value of its financial instruments.

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% strengthening of the Uruguayan peso against the U.S. dollar, the comprehensive income for the period would decrease by USD 273,061, equivalent to UYU 9,497,937. If a weakening of 10% were to occur, the comprehensive income for the period would increase by USD 223,414, equivalent to UYU 9,497,937.

b) Interest Rate Risk

The Trust is exposed to low interest rate risk.

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 its financial and non-financial instruments. The main assets exposed to this risk for each period of the Financial Statements are as follows:

	USD		Equivalent in UYU	
	3/31/2023	12/31/2022	3/31/2023	12/31/2022
Inventories	1,128,282	453,825	43,605,818	18,185,235
Property, plant and equipment (Lands)	44,036,374	44,036,374	1,701,917,782	1,764,581,543
Biological assets	66,928,855	67,060,000	2,586,666,395	2,687,161,260
	112,093,511	111,550,199	4,322,189,995	469,928,038

11 – SUBSEQUENT EVENTS

After March 31, 2023, no other events or circumstances have occurred that may have significantly affected the financial position, performance and cash flows of the Trust.