

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

**CONDENSED INTERIM FINANCIAL STATEMENTS AND
COMPILATION REPORT FOR THE NINE MONTHS ENDED
SEPTEMBER 30, 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.

**FINANCIAL FORESTRY TRUST FIDEICOMISO FINANCIERO BOSQUES DEL
URUGUAY III**

CONDENSED INTERIM FINANCIAL STATEMENTS AS OF SEPTEMBER 30, 2023

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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 condensed interim financial statement of financial position of the Trust Fideicomiso Financiero Forestal Bosques del Uruguay III as of September 30, 2023, and the related condensed interim financial statement of comprehensive income, the interim statement of changes in equity and the interim statement of cash flows for the nine-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 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, October 25, 2023.

CPA FERRERE



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 September 30, 2023

(in U.S. dollars and Uruguayan pesos)

	Notes	USD		Equivalent in UYU	
		09/30/2023	12/31/2022	09/30/2023	12/31/2022
Assets					
Non-current assets					
Property, plant and equipment	5	150,885,645	151,333,691	5,817,546,942	6,064,092,332
Biological assets- plantations	4	82,272,502	80,763,075	3,172,098,583	3,236,257,195
Deferred tax					
Total non-current assets		233,158,147	232,096,766	8,989,645,525	9,300,349,527
Current assets					
Inventories	3.1	5,862,871	7,120,565	226,048,852	285,328,180
Accounts receivable and other receivables	3.2	3,319,931	2,675,837	128,003,258	107,223,530
Other non-financial assets	3.3	1,748,287	2,679,678	67,406,974	107,377,360
Other financial assets	3.4	-	2,915,751		116,837,039
Cash and cash equivalents	3.5	1,001,757	664,871	38,623,752	26,642,046
Total current assets		11,932,846	16,056,702	460,082,836	643,408,155
Total assets		245,090,993	248,153,468	9,449,728,361	9,943,757,682
Equity					
Participation certificates	7	190,000,000	190,000,000	5,491,141,906	5,491,141,906
Valuation reserve		30,412,868	30,412,868	1,339,750,988	1,339,750,988
Translation reserve	7			1,357,527,465	1,704,201,235
Retained earnings		11,084,641	9,179,845	737,197,616	664,915,510
Total equity		231,497,509	229,592,713	8,925,617,975	9,200,009,639
Liabilities					
Non-current liabilities					
Loans and other liabilities	3.7	5,457,991	6,183,597	210,438,309	247,782,953
Deferred tax liabilities	2.15	3,828,551	5,858,651	147,613,630	234,761,997
Total non-current liabilities		9,286,542	12,042,248	358,051,939	482,544,950
Current liabilities					
Accounts payable and other payables	3.6	3,173,654	5,151,279	122,363,412	206,416,918
Loans and other liabilities	3.7	1,133,288	1,367,228	43,695,035	54,786,175
Total current liabilities		4,306,942	6,518,507	166,058,447	261,203,093
Total liabilities		13,593,484	18,560,755	524,110,386	743,748,043
Total liabilities and equity		245,090,993	248,153,468	9,449,728,361	9,943,757,682

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

FIDEICOMISO FINANCIERO FORESTAL BOSQUES DEL URUGUAY III

Interim Statement of Comprehensive Income for the nine months ended September 30, 2023

(in U.S. dollars)

	Notes	Quarter ended on		Period ended on	
		09/30/2023	09/30/2022	09/30/2023	09/30/2022
Operating revenue	3.8	4,167,665	11,080,613	16,674,188	24,009,321
Cost of goods sold		(3,189,091)	(9,855,396)	(11,859,936)	(20,725,162)
Gross margin		978,574	1,225,217	4,814,252	3,284,159
SG&A	3.9	(1,004,874)	(1,039,123)	(3,965,971)	(3,844,422)
Financial results	3.10	75,367	152,821	(506,388)	(883,925)
Miscellaneous income	3.11		284,789		284,789
Profit or loss for the period before income tax		49,067	623,704	341,893	(1,159,399)
Income tax	2.15			1,562,903	3,656,544
Profit or loss for the period		49,067	623,704	1,904,796	2,497,145
Comprehensive income for the period		49,067	623,704	1,904,796	2,497,145

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

FIDEICOMISO FINANCIERO FORESTAL BOSQUES DEL URUGUAY III

Interim Statement of Comprehensive Income for the nine months ended September 30, 2023

(in Uruguayan pesos)

	Notes	Quarter ended on		Period ended on	
		09/30/2023	09/30/2022	09/30/2023	09/30/2022
Operating revenue	3.8	157,624,531	452,413,898	641,561,362	986,114,412
Cost of goods sold		(121,624,152)	(405,236,844)	(456,305,138)	(851,390,696)
Gross margin		36,000,379	47,177,054	185,256,224	134,723,716
SG&A	3.9	(38,142,675)	(42,639,232)	(151,809,307)	(157,843,856)
Financial results	3.10	2,834,625	5,935,010	(19,684,195)	(37,706,014)
Miscellaneous income	3.11		11,657,565		11,657,565
Profit or loss for the period before income tax		692,329	22,130,397	13,762,722	(49,168,589)
Income tax	2.15			58,519,384	144,316,488
Profit or loss for the period		692,329	22,130,397	72,282,106	95,147,899
Other comprehensive income for the period					
Translation reserve	2.2	(346,673,770)	(603,199,481)	(346,673,770)	(603,199,481)
Comprehensive income for the period		(345,981.441)	(581,069,084)	(274,391,664)	(508,051,582)

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

FIDEICOMISO FINANCIERO FORESTAL BOSQUES DEL URUGUAY III

Interim Statement of Cash Flows for the nine months ended September 30, 2023 (in USD dollars and Uruguayan pesos)

	USD		Equivalent in UYU	
	09/30/2023	09/30/2022	09/30/2023	09/30/2022
Cash flows from operating activities				
Profit or loss for the period before income tax	341,893	(1,159,399)	13,762,722	(49,168,589)
Adjustments for:				
Depreciations	617,226	606,365	23,697,260	25,025,754
Costs of sales of standing forests	3,333,253	4,297,105	126,813,986	178,517,159
Results for sales of property, plant and equipment and forest plantations		(284,789)		(11,657,565)
Unpaid accrued interests	1,360		52,440	
	4,293,732	3,459,281	164,326,408	142,716,759
Changes in assets and liabilities				
Accounts receivable and other receivables	(644,094)	(3,045,885)	(25,321,589)	(131,629,443)
Inventories	306,138	(2,566,394)	12,035,369	(110,907,986)
Other non-financial assets	931,391	50,613	36,616,240	2,187,266
Accounts payable and other payables	(2,444,822)	2,165,934	(96,114,510)	93,601,921
Translation adjustment	-		(5,397,974)	(6,921,669)
Net flows (used in) / from operating activities	2,442,345	63,550	86,143,943	(10,953,152)
Cash flows from investing activities				
Costs related to biological assets	(3,891,124)	(3,623,090)	(149,844,863)	(154,327,802)
Sales of property, plant and equipment and forest plantations	-	2,950,000	-	120,755,300
Purchases of property, plant and equipment	(169,179)	(133,173)	(6,532,127)	(5,434,400)
Net flows used in investing activities	(4,060,303)	(806,263)	(156,376,990)	(39,006,902)
Cash flows from financing activities				
Loans and other liabilities	(960,908)	5,138,449	(34,914,688)	228,476,016
Net flows from financing activities	(960,908)	5,138,449	(34,914,688)	228,476,016
Changes in cash flows and cash equivalents	(2,578,866)	4,395,736	(105,147,735)	178,515,962
Opening balance of cash and cash equivalents	3,580,622	965,704	143,479,085	43,162,123
Effect associated with the maintenance and translation of cash and cash equivalents			292,402	2,086,969
Closing balance of cash and cash equivalents	1,001,757	5,361,440	38,623,752	223,765,055

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

FIDEICOMISO FINANCIERO FORESTAL BOSQUES DEL URUGUAY III
Interim Statement of Changes in Equity
for the nine months ended September 30, 2023
(in USD dollars)

	PARTICIPATION CERTIFICATES	VALUATION RESERVE	RETAINED EARNINGS	TOTAL EQUITY
As of December 31, 2021	190,000,000	26,298,722	(9,380,015)	206,918,707
Profit or loss for the period			2,497,145	2,497,145
As of September 30, 2022	190,000,000	26,298,722	(6,882,870)	209,415,852
Profit or loss for the period			16,062,715	16,062,715
Revaluation of property, plant and equipment net of deferred tax	-	4,114,146		4,114,146
As of December 31, 2022	190,000,000	30,412,868	9,179,845	229,592,713
Profit or loss for the period			1,904,796	1,904,796
As of September 30, 2023	190,000,000	30,412,868	11,084,641	231,497,509

Interim Statement of Changes in Equity
for the nine months ended September 30, 2023
(in Uruguayan pesos)

	PARTICIPATION CERTIFICATES	VALUATION RESERVE	TRANSLATION RESERVE	RETAINED EARNINGS	TOTAL EQUITY
As of December 31, 2021	5,491,141,906	1,175,421,339	2,654,954,338	(73,285,967)	9,248,231,616
Other comprehensive income	-	-	(603,199,481)		(603,199,481)
Profit or loss for the period				95,147,899	95,147,899
As of September 30, 2022	5,491,141,906	1,175,421,339	2,051,754,857	21,861,932	8,740,180,034
Profit or loss for the period				643,053,578	643,053,578
Translation reserve	-	-	(347,553,622)		(347,553,622)
Revaluation of property, plant and equipment net of deferred tax	-	164,329,649		-	164,329,649
As of December 31, 2022	5,491,141,906	1,339,750,988	1,704,201,235	664,915,510	9,200,009,639
Other comprehensive income	-	-	(346,673,770)	-	(346,673,770)
Profit or loss for the period				72,282,106	72,282,106
As of September 30, 2023	5,491,141,906	1,339,750,988	1,357,527,465	737,197,616	8,925,617,975

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

FINANCIAL FORESTRY TRUST FIDEICOMISO FINANCIERO FORESTAL BOSQUES DEL URUGUAY III

Notes to the condensed interim financial statements for the nine months ended September 30, 2023

NOTE 1 - GENERAL INFORMATION ON THE TRUST FIDEICOMISO FORESTAL BOSQUES DEL URUGUAY III

On August 22, 2016, this Agreement is made and entered into 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 Financial Forestry Trust Fideicomiso Financiero Forestal Bosques del Uruguay III.

On November 16, 2016, the Central Bank of Uruguay (CBU) authorized the registration of the Trust in the Securities Market Registry (Notice 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 it will be used to fulfill the purposes of the Agreement.

The Trustee invested the funds from the placement of the Securities (Participation Certificates) in the purchase of rural Properties, located within the Eastern Republic of Uruguay, which became part of the Trust property. Such properties shall be used to carry out forestry activities.

The Business Plan provides for the framework within which the Trust's strategy is developed to fulfil its purpose, and specifically details the general requirements the Properties shall meet.

The Trustee shall appoint the Manager, through the Management Agreement. The Management shall be in charge of managing the Trust Assets, and implementing the Business Plan related to this Trust and the Management Agreement. Notwithstanding the foregoing, the Trustee shall be responsible for the performance of the Manager in reference to the outsourced activities.

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

The Trust equity shall comprise its Assets and all economic rights, present and future, generated therefrom. The equity of the Trust 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.

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 listed in Bolsa Electrónica de Valores del Uruguay S.A. (BEVSA).

Participation Certificates grant Holders rights of participation in the financial performance of the Trust, 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 and fiscal period ends on each December 31.

These interim financial statements were authorized to be issued by EF Asset Management Administradora de Fondos de Inversión S.A., Trustee of the Trust, on October 25, 2023.

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. This Decree, issued by the Executive Branch on April 1, 2011, provides that the International Financial Reporting Standards (IFRS), adopted by the International Accounting Standards Board (IASB), translated into Spanish, shall be the mandatory accounting standards for issuers of publicly traded securities.

This 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", these interim financial statements shall be read together with the Trust's financial statements for the year ended December 31, 2022, prepared in accordance to the IFRS.

Decree 108/22 dated April 4, 2022, establishes 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.

2.1.1 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 financial statements are the same as those applied by the Trust in the financial statements dated December 31, 2022, except for the adoption of the new standards effective as of January 1, 2023.

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

- IFRS 17 - Insurance Contracts
- Amendment to IAS 1 - Classification of Liabilities as Current or Non-current
- IAS 8 - Definition of Accounting Estimates
- IAS 1 - Disclosure of Accounting Policies
- IAS 12 - Deferred Tax related to Assets and Liabilities arising from a Single Transaction.

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

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

In Uruguay, the regulation in force 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 the Trust's financial statements in order to comply with the legal and tax 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 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 components have been retranslated as follows: 1) the capital shall be 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 of the Trust, 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 results 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 results for the period. 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 have been adjusted as mentioned in the preceding item.

2.5 Cash and cash equivalents

Deposits in checking accounts and on demand 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 Accounts receivable and other receivables

Accounts receivable and other receivables 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 nominal 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 September 30, 2023, are presented at their fair value in the statement of financial position as of December 31, 2022.

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

On the basis of the methodology described above, the external expert determined that the fair value of the biological assets as of December 31, 2022, was USD 80,763,075, equivalent to UYU 3,236,257,195.

To this end, the following elements have been 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 prices of comparable goods are the most significant source of information to determine this fair value.

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 nine months ended September 30, 2023, is set out in Note 5 of these financial statements.

In accordance with the terms of the agreement, lands were valued by an external expert on December 31, 2022. The book value of the lands was adjusted to the values provided in the report issued by such expert, which amounted to USD 133,716,267, equivalent to UYU 5,358,144,535.

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.

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 from them.

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.

Depreciations for the period are charged to selling, general and administrative 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 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.

Profit and losses presented in the statement of comprehensive income are recognized at the amount originally obtained or disbursed for 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 September 30, 2023, with respect to the amount of capital to be maintained has been 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.

2.15 Taxes, current income tax and deferred tax

The Trust is subject to the VAT, the Corporate Income Tax [IRAE, for its acronym in Spanish] and the 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 of 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 September 30, 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 revenue is exempt from VAT, thus a portion of indirect VAT on purchases 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%, its subsequent charge to the profit or loss for the period in which their reversal occurs.

2.16 Provisions

Provisions are financially recognized when the Trust has a present obligation (whether 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, credits and debts.

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, revenues 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: Lands, 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 due to such impairment.

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

The Trust annually hires external 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 recognized only to the extent that it is probable that there is future taxable income against which the deductible temporary difference can be utilized. 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 of tangible assets

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

Key assumptions used to determine fair value

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

The determination of the recoverable amount of the Trust is based on complex estimates requiring the application of assumptions and professional judgment by such expert, including:

(a) Wood flow

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 flows 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 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

Except as expressed in Note 2.1, the criteria applied in the valuation of assets and liabilities, as well as to determine the results for the nine months ended September 30, 2023, are similar to the ones applied for the fiscal year ended December 31, 2022.

NOTE 3 - OPENING OF ITEMS

3.1 Inventories

<i>Item</i>	USD		Equivalent in UYU	
	09/30/2023	12/31/2022	09/30/2023	12/31/2022
Wood	5,325,404	6,765,099	205,157,068	271,084,282
Coadjuvant	20,903	11,714	830,667	469,404
Herbicide	253,137	170,392	9,892,503	6,827,779
Seeds	35,147	95,287	1,448,671	3,818,262
Fertilizer	81,640	29,070	3,144,613	1,164,850
Ant killer	48,424	19,797	1,855,435	793,286
Seedlings	98,216	-	3,719,895	-
Clones	-	29,206	-	1,170,317
	5,862,871	7,120,565	226,048,852	285,328,180

3.2 Accounts receivable and other receivables

<i>Item</i>	USD		Equivalent in UYU	
	09/30/2023	12/31/2022	09/30/2023	12/31/2022
Accounts receivable	3,271,895	2,630,648	126,151,177	105,412,754
Grazing debtors	48,036	45,189	1,852,081	1,810,776
	3,319,931	2,675,837	128,003,258	107,223,530

3.3 Other non-financial assets

<i>Item</i>	USD		Equivalent in UYU	
	09/30/2023	12/31/2022	09/30/2023	12/31/2022
Tax credits	1,716,419	2,657,468	66,178,252	106,487,399
Advances to suppliers	13,407	22,210	516,919	889,961
Other non-financial assets	18,461	-	711,803	-
	1,748,287	2,679,678	67,406,974	107,377,360

3.4 Other financial assets

Treasury Bills in USD:

Date	Maturity	Nominal Value	In USD	In UYU
12/22/2022	4/18/2023	2,950,000	2,912,896	116,722,671
		2,950,000	2,912,896	116,722,671
		Interests	2,854	114,368
		Total	2,915,751	116,837,039

3.5 Cash and cash equivalents

<i>Item</i>	USD		Equivalent in UYU	
	09/30/2023	12/31/2022	09/30/2023	12/31/2022
Banks	1,001,757	664,871	38,623,752	26,642,046
	1,001,757	664,871	38,623,752	26,642,046

3.6 Accounts payable and other payables

<i>Item</i>	USD		Equivalent in UYU	
	09/30/2023	12/31/2022	09/30/2023	12/31/2022
Accounts payable	863,735	1,695,013	33,302,149	67,820,210
Tax creditors	2,225,799	3,247,406	85,817,926	130,126,798
Customer advances	79,588	61,132	3,068,604	2,449,621
Provisions	4,532	15,934	174,733	638,494
Insurances	-	125,195	-	5,117,350
Other payables	-	6,599	-	264,445
	3,173,654	5,151,279	122,363,412	206,416,918

3.7 Loans and liabilities - current and non-current

<i>Item</i>	USD		Equivalent in UYU	
	09/30/2023	12/31/2022	09/30/2023	12/31/2022
Bank loan	6,591,279	7,550,825	254,133,344	302,569,128
	6,591,279	7,550,825	254,133,344	302,569,128

Firstly, the loans in U.S. dollars as of September 30, 2023, correspond to a loan taken out with a local bank for the principal amount of USD 3,000,000, equivalent to UYU 115,668,000. This loan shall be paid in 48 equal, consecutive and monthly instalments from May 30, 2020. As of the date of these interim financial statements, 40 principal instalments amounting to USD 2,500,000, equivalent to UYU 96,390,000, have been paid.

Secondly, a loan in U.S. dollars was taken out with a local bank for the principal amount of USD 7,000,000, equivalent to UYU 269,892,000. This loan shall be paid in 120 equal, consecutive and monthly instalments from April 7, 2020. As of the date of these interim financial statements, 18 principal instalments amounting to USD 910,081, equivalent to UYU 35,089,096, have been paid.

The loan in U.S. dollars as of December 31, 2022, was taken out with a local bank for the principal amount of USD 3,000,000, equivalent to UYU 120,213,000. This loan shall be paid in 48 equal, consecutive and monthly instalments from May 30, 2020. As of the date of these interim financial statements, 32 principal instalments amounting to USD 2,000,000, equivalent to UYU 80,142,000, have been paid.

Secondly, a bank loan in U.S. dollars was taken out with a local bank for a principal amount of USD 7,000,000, equivalent to UYU 280,497,000. This loan shall be paid in 120 equal, consecutive and monthly instalments from April 7, 2020. As of the date of these interim financial statements, 9 principal instalments amounting to USD 449,175, equivalent to UYU 17,998,891, have been paid.

Accrued and unpaid interests amount to USD 1,360, equivalent to UYU 52,440, as of the date of these interim financial statements, and to zero as of December 31, 2022.

3.8 Operating revenue

USD

<i>Item</i>	Quarter ended on		Period ended on	
	09/30/2023	09/30/2022	09/30/2023	09/30/2022
Revenue from sales of wood	4,074,795	10,990,126	16,393,558	23,737,378
Revenue from grazing	92,870	90,387	280,630	271,709
Revenue from beehives	-	100	-	234
	4,167,665	11,080,613	16,674,188	24,009,321

Equivalent in UYU

<i>Item</i>	Quarter ended on		Period ended on	
	09/30/2023	09/30/2022	09/30/2023	09/30/2022
Revenue from sales of wood	154,098,677	448,694,684	630,785,947	974,919,471
Revenue from grazing	3,525,854	3,715,090	10,775,415	11,185,416
Revenue from beehives	-	4,124	-	9,525
	157,624,531	452,413,898	641,561,362	986,114,412

3.9 Selling, general and administrative expenses

USD

<i>Item</i>	Quarter ended on		Period ended on	
	09/30/2023	09/30/2022	09/30/2023	06/30/2022
Forestry Operator Fee	508,182	477,370	1,524,547	1,432,113
Registered Agent Fee	8,033	6,962	8,033	6,962
Other fees	80,073	71,774	259,541	226,596
Field expenses	94,128	181,047	603,292	596,337
Depreciation	207,483	201,704	617,227	606,368
Taxes	35,156	39,186	749,949	766,904
Other taxes	-	189	-	7,613
Miscellaneous	40,305	31,654	95,293	113,819
Insurances	31,514	29,237	108,089	87,710
	1,004,874	1,039,123	3,965,971	3,844,422

Equivalent in UYU

<i>Item</i>	Quarter ended on		Period ended on	
	09/30/2023	09/30/2022	09/30/2023	09/30/2022
Forestry Operator Fee	19,330,751	19,617,723	58,480,959	59,155,657
Registered Agent Fee	302,549	285,002	302,549	285,002
Other fees	3,014,975	2,917,302	9,993,508	9,395,913
Field expenses	3,546,769	7,409,223	23,320,663	24,857,307
Depreciation	7,877,589	8,289,901	23,697,260	25,025,755
Taxes	1,335,695	-	28,182,658	25,777,716
Other taxes	-	1,619,245	-	5,002,713
Miscellaneous	1,537,846	1,299,226	3,670,947	4,723,671
Insurances	1,196,501	1,201,610	4,160,763	3,620,122
	38,142,675	42,639,232	151,809,307	157,843,856

3.10 Financial results

USD

<i>Item</i>	Quarter ended on		Period ended on	
	09/30/2023	09/30/2022	09/30/2023	09/30/2022
Interests earned	-	10,603	34,249	10,603
Interests and bank charges	(17,493)	(20,139)	(57,364)	(54,403)
Interests on banknotes	(64,914)	(68,616)	(213,782)	(166,957)
Exchange difference	157,774	230,973	(269,491)	(673,168)
	75,367	152,821	(506,388)	(883,925)

Equivalent in UYU

<i>Item</i>	Quarter ended on		Period ended on	
	09/30/2023	09/30/2022	09/30/2023	09/30/2022
Interests earned	-	436,877	1,331,698	436,877
Interests and bank charges	(660,628)	(818,072)	(2,212,052)	(2,228,114)
Interests on banknotes	(2,462,137)	(2,818,732)	(8,209,170)	(6,823,465)
Exchange difference	5,957,390	9,134,937	(10,594,671)	(29,091,312)
	2,834,625	5,935,010	(19,684,195)	(37,706,014)

3.11 Miscellaneous income

In August 2022, the Trust sold 1,047 hectares with improvements and forests, located in the department of Rocha. The sale price was USD 2,950,000.

The result of that transaction is detailed in the following table:

<i>Item</i>	USD		Equivalent in UYU	
	09/30/2023	09/30/2022	09/30/2023	09/30/2022
Income from the sale of lands, improvements and forest plantations	-	2,950,000	-	120,755,300
Cost of properties (Note 5)	-	(2,607,204)	-	(106,723,268)
Cost of forest plantations (Note 4)	-	(58,007)	-	(2,374,467)
	-	284,789	-	11,657,565

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 by Eucalyptus Dunnii and Globulus, and Pinus Taeda and Hybrid species, amounting to 26,848 forested hectares on an area of approximately 45,229 hectares as of September 30, 2023. The evolution of the biological asset for the nine months ended September 30, 2023, and December 31, 2022, is detailed below:

	USD		Equivalent in UYU	
	09/30/2023	12/31/2022	09/30/2023	12/31/2022
Opening balance	80,763,075	63,625,683	3,236,257,195	2,843,749,896
Cost increase added to biological assets	3,891,124	6,126,226	149,844,862	250,579,050
Reduction by harvest of biological assets	(2,381,697)	(9,499,427)	(92,597,693)	(390,310,216)
Sale of forest plantations	-	(58,007)	-	(2,374,467)
Change in the fair value of biological assets	-	20,568,602	-	824,204,444
Translation adjustment	-	-	(121,405,782)	(289,591,512)
	82,272,502	80,763,075	3,172,098,583	3,236,257,195

NOTE 5 - PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is composed as follows:

In U.S. dollars:

Item	09/30/2023												12/31/2022	
	Acquisition costs						Depreciations						Net values	Net values
	Opening values	Additions	Disposals	Revaluation	Translation adjustment	Closing values	Accumulated at the beginning of the period	Disposals	For the period	Translation adjustment	Accumulated at the end of the period			
Lands	133,716,267	-	-	-	-	133,716,267	-	-	-	-	-	133,716,267	133,716,267	
Improvements	19,867,614	-	-	-	-	19,867,614	(3,080,263)	-	(343,532)	-	(3,595,561)	16,272,053	16,787,350	
Other improvements	1,262,379	169,179	-	-	-	1,422,866	(432,305)	-	(66,212)	-	(534,233)	897,325	830,074	
Total	154,846,260	169,179	-	-	-	155,015,439	(3,512,568)	-	(409,744)	-	(4,129,794)	150,885,645	151,333,691	

In Uruguayan pesos:

Item	09/30/2023												12/31/2022	
	Acquisition costs						Depreciations						Net values	Net values
	Opening values	Additions	Disposals	Revaluation	Translation adjustment	Closing values	Accumulated at the beginning of the period	Disposals	For the period	Translation adjustment	Accumulated at the end of the period			
Lands	5,358,144,535	-	-	-	(202,580,145)	5,155,564,390	-	-	-	-	-	5,155,564,390	5,358,144,535	
Improvements	796,115,127	-	-	-	(30,099,434)	766,015,693	(123,429,247)	-	(19,785,627)	4,584,381	(138,630,493)	627,385,200	672,685,880	
Other improvements	50,584,811	6,532,127	-	-	(1,921,689)	55,195,249	(17,322,894)	-	(3,911,633)	636,630	(20,597,897)	34,579,531	33,261,919	
Total	6,204,844,473	6,532,127	-	-	(234,601,267)	5,976,775,333	(140,752,141)	-	(23,697,260)	5,221,011	(159,228,390)	5,817,546,942	6,064,092,332	

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:

	September 30, 2023		December 31, 2022	
	UYU	Equivalent in USD	UYU	Equivalent in USD
Assets				
Other non-financial assets	66,485,032	1,724,376	106,945,786	2,668,907
Cash and cash equivalents	533,133	13,828	229,967	5,739
Total assets	67,018,166	1,738,203	107,175,753	2,674,646
Liabilities				
Deferred tax	(147,613,630)	(3,828,551)	(234,761,997)	(5,858,651)
Accounts payable and other payables	(110,029,523)	(2,853,759)	(160,517,940)	(4,005,838)
Total Liabilities	(257,643,153)	(6,682,310)	(395,279,937)	(9,864,489)
Net position	(190,624,987)	(4,944,107)	(288,104,184)	(7,189,843)

The U.S. dollar exchange rate as of September 30, 2023 was UYU 38.556 and UYU 40.071 as of December 31, 2022.

NOTE 7 – EQUITY

Book-Entry Participation Certificates for a nominal value of USD 190,000,000 were registered in the Securities Market Registry. The nominal value of each participation certificate is USD 1,000.

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

As of September 30, 2023, Participation Certificates were issued as follows:

Date	USD	Equivalent in UYU
12/07/2016	9,502,000	273,619,592
02/13/2017	161,501,000	4,630,556,672
11/06/2017	10,000,000	291,990,000
09/24/2018	8,997,000	294,975,642
Total Paid-in Capital	190,000,000	5,491,141,906

NOTE 8 – COMMITMENTS

As of September 30, 2023, the Trust commitments for grazing contracts on lands owned by the Trust amounted to USD 278,612, corresponding to 25,845 hectares of pastured land.

NOTE 9 - BALANCES AND TRANSACTIONS WITH RELATED PARTIES

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

	USD		Equivalent in UYU	
	09/30/2023	12/31/2022	09/30/2023	12/31/2022
Accounts payable				
Agro Empresa Forestal S.A.	198,900	198,427	7,668,806	7,951,167
	198,900	198,427	7,668,806	7,951,167

b) Transactions with related parties are composed as follows:

	USD			
	Quarter ended on		Period ended on	
	09/30/2023	09/30/2022	09/30/2023	09/30/2022
Accrued fees				
Agro Empresa Forestal S.A.	508,182	6,962	1,524,547	1,432,113
	508,182	6,962	1,524,547	1,432,113

	Equivalent in UYU			
	Quarter ended on		Period ended on	
	09/30/2023	09/30/2022	09/30/2023	09/30/2022
Accrued fees				
Agro Empresa Forestal S.A.	19,330,751	19,546,806	58,480,959	59,155,656
	19,330,751	19,546,806	58,480,959	59,155,656

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 the contractual obligations.

The Trust is exposed to a low credit risk since it does not hold significant credits and there are restrictions on the instruments in which it can invest. Its main assets are measured at fair value as indicated in Notes 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 profit.

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

10.3 Market risk

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 it holds.

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 by USD 549,345, equivalent to UYU 19,062,499. If a strengthening of 10% were to occur, the comprehensive income for the period would decrease by USD 449,464, equivalent to UYU 19,062,499.

b) Interest Rate Risk

The Trust is exposed to low interest rate risk. It has no financial debts.

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	
	09/30/2023	12/31/2022	09/30/2023	12/31/2022
Inventories	5,862,871	7,120,565	226,048,852	285,328,180
Property, plant and equipment (Lands)	133,716,267	133,716,267	5,155,564,390	5,358,144,535
Biological asset	82,272,502	80,763,075	3,172,098,583	3,236,257,195
	221,851,640	221,599,907	8,553,711,825	8,879,729,910

d) Fair value

It was estimated that the value of financial assets and liabilities measured at amortized cost, corresponding to accounts receivable, other receivables, accounts payable and other payables, has not significantly differed from their fair value since they are substantially short-term receivables.

Considering loans and liabilities, no relevant changes in market interest rates have been recorded since the transaction date. Therefore, the carrying value of such financial liabilities does not significantly differ from their estimated fair value.

NOTE 11 – SUBSEQUENT EVENTS

After September 30, 2023, no other events or circumstances have occurred that may have significantly affected the financial position, performance and cash flows of the Trust.