CARE

RISK RATING AGENCY

# RISK RATING UPDATE FOR THE PARTICIPATION CERTIFICATES OF THE *FIDEICOMISO FINANCIERO FORESTAL BOSQUES DEL URUGUAY* FORESTRY FINANCIAL TRUST

*Montevideo, October 2025*

Juncal Street 1437, Suite 106 / Phone: (+598) 2914 8866
Montevideo / Uruguay
www.care.com.uy / care@care.com.uy

**Public Offering Rating Update of the *Fideicomiso Financiero Forestal Bosques del Uruguay* Forestry Financial Trust Participation Certificates**

**October 9, 2025**

**Issue Date:** August 5, 2011
**Term:** Until the liquidation of all Trust assets and the settlement of its liabilities
**Name:** *Fideicomiso Financiero Forestal Bosques del Uruguay*
**Issue Amount:** USD 50,000,000
**Securities issued:** Participation Certificates
**Distributions:** Whenever Net Distributable Funds are available after each fiscal year-end, upon the sale of the Trust's assets, or through the final distribution of any remaining net distributable funds.
**Structuring Agent:** Ferrere Abogados
**Manager (Operator):** Agro Empresa Forestal S.A.
**Representative Entity**: Bolsa Electrónica de Valores del Uruguay S.A.
**Registrar:** EF Asset Management Administradora de Fondos de Inversión S.A.
**Trustee:** EF Asset Management Administradora de Fondos de Inversión S.A.
**Validity of the Rating:** Until April 30, 2026
**Rating Committee:** Julio Preve, Adrián Tambler and Martín Durán Martínez
**Risk Rating:** BBB+.uy
**Manual used:** *Manual de Calificación de Finanzas Estructuradas Administradas por Terceros* [Third-Party Managed Structured Finance Rating Manual]

## GENERAL OVERVIEW

***CARE has updated the rating of the Participation Certificates of the Fideicomiso Financiero Forestal Bosques del Uruguay Trust, maintaining its BBB+.uy investment-grade rating.***

Among the key factors considered in this review, the Rating Committee highlights the following:

- Absence of structural legal risk, as duly noted in the original rating and validated over time.

- The business model demonstrates strong consistency between the proposed business plan, the land acquisition process, the planted areas, forest management, and the initial harvests. From an economic and financial standpoint, the project has proven resilient to external stresses reasonably applied by both the issuer and the rating agency. In the previous rating, the Manager presented an updated cash flow projection estimating an Internal Rate of Return (IRR) for the entire period[1] of 5.1%, consistent with the estimates made in the prior year (see Section IV).

- Reports from both the Manager and the Surveillance Committee have been generally satisfactory regarding the project's progress.

- A corporate governance structure that effectively mitigates investor risk, which, up to the date of this report, has functioned adequately, as evidenced by the Manager's reports, the meetings of the Holders of Participation Certificates, and the Surveillance Committee's reports.

- The management capacity of the project's operating company, Agro Empresa Forestal, remains in line with the efficiency standards evaluated in previous updates, as confirmed by the reports of the parties involved. Notably, the Manager currently manages three additional projects with very similar financial structures. All these projects are progressing without significant setbacks. Considering the four trusts, the company manages more than 80,000 hectares of forest plantations and holds Participation Certificates valued at approximately USD 14 million.

- The BDU Financial Trust owns a total of 9,535 hectares, of which approximately 5,500 hectares were planted as of June 30, 2025, representing a utilization rate of 59%. During the first half of the

[1]. The IRR is calculated from the issuance date through the termination of the Trust, assuming that the investor acquired the Participation Certificates in year zero and at par value.

year, 218 new hectares were planted and around 114 hectares were harvested, resulting in a 1.9% decrease in the total value of the forest asset.

- Total revenues for the first half of 2025 amounted to USD 5.9 million, slightly below half of the amount projected for the year. Of this total, 99% corresponded to domestic market sales (85% pulpwood and 15% sawlogs), while the remaining 1% came from grazing rental income. No wood exports were recorded during the period, despite being initially projected, as the market weakened in both demand and prices. Carbon credit sales were minimal. Operating costs, expenses, and investments remained reasonably in line with budgeted levels and were similar to those recorded during the same period of the previous year.

- The latest annual valuation of the Trust's land and forest plantations was conducted in December 2024. On this occasion, two different firms from those engaged in the previous year were contracted to perform the valuation: Indufor and Pike/Consur. The valuation estimated a total value of USD 75.3 million, consisting of USD 43.1 million for the forest plantations and USD 32.2 million for the land. As of June 30, 2025, the Trust's book equity amounted to approximately USD 79.4 million, remaining above the nominal value of the Participation Certificates issued.

- The growth in global wood product consumption is expected to outpace population growth, driven by rising demand from low- and middle-income countries. This increased demand will need to be met by boosting productivity through sustainable forest management, in line with growing environmental requirements. However, this expected long-term trend may be affected by unfavorable short-term conditions that could depress demand and, consequently, prices. The effects of the pandemic, the consequences of the conflict between Russia and Ukraine, the slowdown in the global economy, and, more recently, the resurgence of protectionist policies have all contributed to heightened volatility in international trade and in the prices of wood and forest products.

- In this context, the international prices of the products marketed by this Trust (pulp and *Eucalyptus* solid wood) have shown highly volatile behavior in recent years. In the case of pulp—the main forest product exported by Uruguay—prices experienced a moderate rebound during the first half of 2024, before declining in August and remaining depressed throughout 2025 amid weak international demand and persistent trade uncertainty. Meanwhile, *Eucalyptus* solid wood, after experiencing a very weak market demand in 2022 and part of 2023, and recovering only slowly, has declined again, significantly affected by the uncertainty caused by the tariffs imposed by the United States. At the same time, the domestic market continues to show strong demand for wood, both for pulp and sawmilling, and remains the primary market at present.

- The agricultural land market (including forest land) shows long-term upward price trends, driven by the sustained increase in demand for food, fiber, and wood. Additionally, opportunities to expand the agricultural frontier are becoming increasingly limited. In Uruguay, land price increases are expected to be more moderate than those recorded between 2004 and 2014. After a period of adjustment and erratic behavior, with few transactions between 2015 and 2020, land prices have been rising steadily for several years. According to the Agricultural Statistics Directorate of the Ministry of Livestock, Agriculture and Fisheries [DIEA-MGAP, for its acronym in Spanish], the average land price in 2024, in nominal terms, slightly exceeded (+0.8%) the historical record reached in 2014.

- Regarding public policy, the change in administration could once again lead to consideration of certain amendments to the current regulatory framework, aimed at restricting land use for forestry activities, with potential impacts on the sector. However, this Trust has already completed its plantation stage and obtained the corresponding permits; therefore, no threats to this project are identified at this time.

# I. INTRODUCTION

## 1. Scope and Conceptual Framework of the Rating

CARE Risk Rating Agency was engaged to update the rating of the Participation Certificates of the Forestry Financial Trust *Fideicomiso Financiero Forestal Bosques del Uruguay* (hereinafter "Bosques del Uruguay" or "BDU"), with a nominal value of USD 50,000,000 (fifty million U.S. dollars). The characteristics of the issuance are available on the websites of the Central Bank of Uruguay (www.bcu.gub.uy), the Electronic Stock Exchange (www.bevsa.com.uy), and CARE (www.care.com.uy).

A risk rating represents the opinion of a specialized entity authorized by the Central Bank of Uruguay [BCU, for its acronym in Spanish]— which supervises and regulates both the financial system and rating agencies — to assess the creditworthiness of financial instruments. The rating assigned by CARE does not constitute a recommendation or guarantee for potential investors and should therefore be considered as one element among others when making investment decisions. CARE does not audit or verify the accuracy of the information provided, although such information is sourced from entities deemed reliable by the agency.

The conceptual framework of this rating involves a forward-looking assessment that assigns a grade reflecting the Trust's expected performance and its capacity to generate returns over time, in accordance with the forestry business plan its management is mandated to execute. While the initial rating accepted as reasonable the IRR range derived from multiple simulations, subsequent reviews are not strictly tied to achieve those figures. Indeed, this issuance does not involve a fixed return commitment. Therefore, the assigned rating does not solely depend on the IRR estimated in the project or the investors' opportunity cost of capital. Ultimately, the rating reflects, among other factors, the project's performance and the achievement of a minimum return considered acceptable at the time of each review.

CARE Risk Rating Agency is a credit rating agency whose records and manuals were approved by the Central Bank of Uruguay in April 1998. The agency assigns ratings in accordance with its methodology duly approved by the same authority, selecting the necessary professionals to form, in each case, the Rating Committee. This committee is responsible for the evaluation pursuant to its internal manuals. These manuals, together with its Code of Ethics, public filings, and historical precedents are available on CARE's website www.care.com.uy, and on the regulator's website www.bcu.gub.uy. The rating committee in this case was composed of Martín Duran, Julio Preve, and Adrián Tambler. Likewise, CARE engaged the legal firm *Herrera Profesionales Asociados* to analyze the legal contingencies, whose report was included in the original rating. CARE also regularly consults forestry experts for field inspections and conducts site visits to the farms.

## 2. General Background and Key Events of the Period

### A. General Background

The main purpose of the *Fideicomiso Financiero Forestal Bosques del Uruguay* Financial Trust is: **(a)** to issue Participation Certificates, subscribed by the Beneficiaries in accordance with the terms and conditions set forth in the Trust Agreement and the Issuance Document (stage completed); **(b)** to implement the Production Project, which essentially consists of an investment project aimed at establishing a Forest Estate in Uruguay for the production of wood intended for sale in both the domestic and international markets; and **(c)** to distribute the funds resulting from the implementation of such Project among the Certificate Holders, as provided in the Trust Agreement.

- The land acquisition and the planting of all forest stands have been fully completed. As a result, the project's operations now consist primarily of plantation and fence maintenance, weed and pest control, pruning, thinning, stump removal, regrowth management, monitoring, reforestation activities, and other ongoing silvicultural operations.

- Commercial thinning is already underway, and clearfell operations have also begun in selected stands designated for pulp production. Consequently, harvesting and replanting activities are gradually being carried out on the harvested areas.

- BDU's land assets total 9,535[2] hectares, of which approximately 5,500 hectares were planted as of June 30, 2025. The forest estate consists of 14 farms located in the central-eastern and southeastern regions of Uruguay, specifically in the departments of Cerro Largo (26%), Durazno (16%), Florida (49%), Lavalleja (6%), and Treinta y Tres (3%). The planted species are predominantly *Eucalyptus grandis* (73%) and *Eucalyptus dunnii* (26%).

- As the forest plantations reach optimal growth stage, pruning and thinning activities are carried out to ensure proper wood quality management.

- It is estimated that approximately 71% of the planted area will be allocated to the production of quality timber, while the remaining 29% will be used for pulpwood production.

- On April 5, 2017, Section 7 of the Agreement was amended to authorize the Trust to incur debt of up to 15% of its total assets, subject to prior approval by the Surveillance Committee and

[2]. Adjusted according to the information provided by the National Land Registry. There is a slight discrepancy when comparing these figures with the area measured using satellite data.

notification to the Risk Rating Agency. Since late 2018, obtaining short-term credits for working capital purposes has become a regular management practice, with the Trust consistently complying with the requirement to notify both the Surveillance Committee and the Risk Rating Agency. To date, there have been no difficulties in meeting the obligations undertaken.

- In 2019, pulpwood sales began, sourced from the commercial thinning of species planted for quality timber production, in line with the original plan. From the second half of 2020 onward, occasional sales of solid wood also began.

- In 2019, Deloitte was engaged to propose changes to the corporate governance and management structure of Agro Empresa Forestal, to meet the requirements of managing the assets of 4 Trusts, which together exceed USD 600 million.

- The Trust is a member of the Health Committee of the Society of Forest Producers [SPF, for its acronym in Spanish]. Its objective is to monitor and identify pests and diseases in forest plantations.

- On December 28, 2020, a meeting of the Holders of the Participation Certificates was held, with 100% representation. During the meeting, it was resolved to amend certain terms and conditions of the Participation Certificates. These amendments included adjustments to the parameters used to update Agro Empresa Forestal's fee and an agreement to upload information on the Trusts to the Bosques del Uruguay's WEBSITE once a year.

- The Trust has all its hectares FSC®-certified and continues to perform the necessary activities to comply with the requirements for maintaining the certification.

- In 2022, AENOR completed the carbon credit verification process. The documentation required for validation under the Climate, Community & Biodiversity (CCB) Standard was prepared, along with the verification of carbon credits under the Verified Carbon Standard (VCS). Once the CCB certification was obtained, the Trust carried out its first carbon credit sale in 2023.

- Agro Empresa Forestal (AF) has been a signatory to the PRI (Principles for Responsible Investment) since 2022. In this regard, it is required to submit annual reports and evaluations related to responsible investment practices and must meet minimum standards and specific indicators to maintain its membership. In 2023, AF submitted its first report (voluntary on this occasion, though it will become mandatory in the future), obtaining three stars in Policy, Governance and Strategy (PGS) and four stars in Confidence-Building Measures (CBM). The maximum rating is five stars, and PGS is the most relevant module.

- On February 28, 2024, a Beneficiaries' Meeting was held, at which it was resolved to amend the Trust Agreement with respect to adjustments to the Manager's compensation.

- Toward the end of 2024, the annual valuation of the Trust's forest plantations and land was conducted, estimating a total value of USD 75.3 million, consisting of USD 32.2 million for the land and USD 43.1 million from forestry income[3]. The increases in the value of both the land and the forest plantations resulted in a positive revaluation of the assets, ultimately generating a positive net gain.

## B. Key Highlights of the Period

- Toward the end of 2024, the Manager submitted the budget for 2025, projecting gross revenues of USD 13.8 million, of which 71% would be derived from domestic wood sales (pulpwood and sawlogs), 16% from export wood sales, 12% from the sale of carbon credits, and 1% from grazing rental income. After deducting operating costs and expenses, a positive net operating cash flow of approximately USD 5.8 million would be achieved.

**Table 1. Projected Operating Budget 2025 (USD)**

| | **Budget** |
|---|---|
| Domestic Wood Sales – Gross Revenues | 9,844,163 |
| Export Wood Sales – Gross Revenues | 2,144,471 |
| Other Income | 1,790,532 |
| **Total Revenues** | **13,779,166** |
| Operating Costs | -6,213,483 |
| Expenses | -1,798,993 |
| **Net Operating Cash Flow** | **5,766,690** |
| Investments | -838,902 |
| **Operating and Investment Cash Flow** | **4,927,788** |

Source: Manager

- In the first half of 2025, the Trust recorded total revenues of USD 5.9 million, approximately 42.5% of the amount budgeted for the year. Income consisted of 99% domestic wood sales (pulpwood and sawlogs) and 1% grazing rental income. There

[3]. On that occasion, a new appraisal firm (INDUFOR) was engaged. This appraiser does not consider grazing rental income or revenues from carbon sales, on the basis that such returns should already be reflected in the land value. Nonetheless, it acknowledges that there could be approximately USD 3 million in carbon credits that could potentially be sold.

were no wood export sales in the first half of the year, despite being planned. Additionally, there was only a very marginal sale of carbon credits, far below the original projection. Export markets during the first half of the year were heavily affected by the uncertainty generated by the potential tariffs that could be imposed by the United States.

- Domestic market sales consisted of 85% pulpwood and the remaining 15% wood sold to local customers. Approximately 49% of the harvested volume came from commercial thinning operations, while 51% resulted from clearfell (final harvest). The harvested area totaled 114 hectares, which resulted in a 1.9% decrease in the total asset value.

**Table 2. Actual Revenues for the First Half of 2025 (USD)**

| | Annual Budget | Actual for First Half of 2025 | Variance |
|---|---|---|---|
| Domestic Wood Sales – Gross Revenues | 9,844,163 | 5,770,614 | -41% |
| Export Wood Sales – Gross Revenues | 2,144,471 | - | -100% |
| Other Income (grazing and carbon credits) | 1,790,532 | 87,057 | -95% |
| **Total** | **13,779,166** | **5,857,671** | **-57%** |

Source: Manager

- Expenses and investments during the first half of 2025 were reasonably in line with the budget estimated for that period. Approximately 49% of the annual amount was incurred during the first half of the year.

**Table 3. Actual Costs and Investments for the First Half of 2025 (USD)**

| | Annual Budget | Actual for First Half of 2025 | Variance |
|---|---|---|---|
| Operating Costs | 6,213,483 | 3,059,936 | -51% |
| Management, Overhead, and Fixed Costs | 1,798,993 | 814,136 | -55% |
| Investments, Establishment and Silvicultural Management | 838,902 | 498,107 | -41% |
| **Total** | **8,851,378** | **4,372,179** | **-51%** |

Source: Manager

- During the reporting period, the Trust did not require any financing and operated with its own funds. It also made temporary investments in U.S. Treasury Bills (T-Bills) totaling approximately USD 3.9 million, using funds that were not needed in the short term.

## 3. Information Reviewed

The following information was reviewed for this update:

- Agro Empresa Forestal's balance sheet as of December 31, 2024, together with the audit report
- The Trustee's interim financial statements as of June 30, 2025

- The Trust's interim financial statements as of June 30, 2025
- Quarterly reports issued by the Manager, the most recent dated June 30, 2025
- Quarterly reports issued by the Surveillance Committee, the most recent dated June 2025
- Relevant information from the forestry sector
- Rating reports for comparable trusts

## II. THE TRUST AND THE PARTICIPATION CERTIFICATES

Participation Certificates of the *Fideicomiso Financiero Forestal Bosques del Uruguay* Financial Trust were issued through a public offering. The Trust was established under the corresponding Financial Trust Agreement. This Agreement, together with the Certificates and the other related contracts, is analyzed in this section.

### 1. General description

| | |
|---|---|
| **Name:** | Fideicomiso Financiero Forestal Bosques del Uruguay |
| **Trustee:** | EF Asset Management Administradora de Fondos de Inversión S.A. |
| **Manager:** | Agro Empresa Forestal S.A. |
| **Registrar:** | EF Asset Management Administradora de Fondos de Inversión S.A. |
| **Representative Entity:** | Bolsa Electrónica de Valores S.A. |
| **Organizer:** | Agro Empresa Forestal S.A. |
| **Securities Issued:** | Participation Certificates |
| **Trust Assets:** | The Trust invested in the acquisition of rural properties for forestry operations. |
| **Currency:** | U.S. Dollars |
| **Issue Amount:** | USD 50,000,000 |
| **Initial Offering Date:** | August 5, 2011 |
| **Term of the Issue:** | Until the liquidation of all trust assets and the settlement of its liabilities. |
| **Distributions:** | Whenever Net Distributable Funds are available after each fiscal year-end, upon the sale of the Trust's assets, or through the final distribution of any remaining net distributable funds. |
| **Risk Rating:** | BBB+.uy |

## 2. Legal Analysis

The legal analysis was included in Annex I of the original rating report. It ruled out any potential conflicts arising from the legal structure, the relevant agreements or compliance with current regulations, among others.

The conclusion of the report stated: ***"In summary, considering all aspects involved, the Trust has a reasonable degree of coverage, and no substantial legal risks related to legal contingencies are posed to the issuance process."***

## 3. Risks Considered

**Structural Legal Risk.** This refers to the analysis of the potential for failures to make payments to the beneficiaries arising from deficiencies in the legal structure. Following the relevant analysis and considering that no changes have occurred in the legal framework and no disputes have arisen over time, CARE has once again concluded that the structural legal risk is *virtually nil.*

**Liquidity Risk.** The Certificates have been structured to be liquid. Hence, liquidity is deemed adequate, considering the characteristics of the Uruguayan market. However, this process is not instantaneous and may require an indeterminate amount of time. *This risk is categorized as medium-low*.

## III. THE MANAGEMENT

The characteristics of the issuance require the analysis of two management entities: EF Asset Management (EFAM), acting as the Issuer and Trustee of the Financial Trust, and Agro Empresa Forestal S.A. (AF) acting as Project Operator.

### 1. EF Asset Management (EFAM)

The Trustee is EF Asset Management Administradora de Fondos de Inversión S.A. (EFAM), a closed joint-stock company whose corporate purpose is the management of investment funds and trusts of all types. It was registered with the National Commercial Registry on April 7, 2003, under No. 2014 - Tax ID: 214769530012.

On August 20, 2003, the Central Bank of Uruguay authorized the company to operate under the Investment Funds Law No. 16,774, dated September 27, 1996, as amended by Law No. 17,202 of September 24, 1999.

On July 9, 2004, the Central Bank of Uruguay (Notice No. 2004/188) authorized EFAM to act as a Financial Trustee under Law No. 17,703 of October 27, 2003. On that same date, the company was registered as a Financial Trustee in the Securities Market Registry of the Central Bank of Uruguay.

On May 23, 2005, EFAM was further authorized by the Central Bank to act as a Professional Trustee under the same Law (No. 17,703) and was registered with the Register of Professional Trustees, General Trustees Section of the Central Bank of Uruguay.

### Economic and Financial Situation

The analysis of EFAM's interim financial statements as of June 30, 2025, continues to show a strong solvency position.

The liquidity ratio for the first half of the year, measured as the current ratio, exceeded one. It is worth noting that non-current assets mainly consist of guarantee deposits that the company is required to maintain, pursuant to applicable regulations, for the trusts it manages. Accordingly, these funds have restricted availability. This explains the financial liabilities which are incurred to establish these guarantees and are cancelled once the guarantees are released. Regarding any temporary need for liquidity to meet short-term obligations, the company has access to financing from related parties, which significantly mitigates liquidity risk. This mitigated the previous situation of having a current ratio below one, a circumstance that did not occur in the reported half-year.

A summary of the interim statement of financial position and the interim income statement as of June 30, 2025, together with their comparison with prior periods, is presented below.

| Table 4. Statement of Financial Position of EFAM (in thousands of UYU) | | | |
|---|---|---|---|
| **Item** | **06/30/2025** | **12/31/2024** | **12/31/2023** |
| Current Assets | 55,186 | 33,440 | 26,198 |
| Non-current Assets | 257,937 | 290,099 | 248,688 |
| **Total Assets** | **313,122** | **323,539** | **274,886** |
| Current Liabilities | 39,818 | 45,457 | 38,315 |
| Non-current Liabilities | 244,216 | 249,374 | 211,246 |
| **Total Liabilities** | **284,033** | **294,830** | **249,561** |
| **Equity** | **29,089** | **28,708** | **25,325** |
| **Total Liabilities and Equity** | **313,122** | **323,539** | **274,886** |
| **Current Ratio** | **1.39** | **0.74** | **0.68** |

Source: Financial Statements of EFAM

The results for the first half of 2025 show a level of revenues similar to that of the same period of the previous year; however, slightly higher expenses led to a decrease in profits.

| Table 5. Income Statement of EFAM (in thousands of UYU) | | | |
|---|---|---|---|
| **Item** | **06/30/2025** | **06/30/2024** | **12/31/2024** |
| Operating Revenue | 49,372 | 48,060 | 95,753 |
| Administrative and Selling Expenses | (41,679) | (38,149) | (78,523) |
| **Operating Result** | **7,693** | **9,911** | **17,230** |
| Financial Result | (6,931) | (6,541) | (11,495) |
| **Profit (Loss) before Income Taxes** | **763** | **3,370** | **5,735** |
| Corporate Income Tax (IRAE) | (381) | (1,158) | (2,352) |
| **Profit (Loss) for the Period** | **381** | **2,212** | **3,383** |
| Operating Result / Revenue | 15.58% | 20.62% | 17.99% |
| Profit for the Period / Revenue | 0.77% | 4.60% | 3.53% |

Source: Financial Statements of EFAM

EFAM manages a substantial and diverse portfolio of trusts, and its competence in carrying out this role is beyond doubt.

Accordingly, no risks have been identified concerning EFAM's performance as a fiduciary manager.

## 2. Agro Empresa Forestal S.A. (AF)

The managing company has been previously evaluated by CARE in the original rating for this Trust and three similar ones, as well as in subsequent updates. On all occasions, the company's performance and its capacity to execute the various projects have been assessed positively. Accordingly, future evaluations will focus on monitoring its performance and identifying any significant developments that may warrant a revision of this assessment.

CARE's own review of the progress of each project under AF's management remains the most reliable source of information for assessing the company's operational capacity.

In summary, AF Global S.R.L. is the holding company under which AF Administraciones Forestales operates. The group also includes two other divisions: La Novillada, which specializes in weed control and the sale of agrochemicals, and AF Maderas, which focuses on the export of sawlogs and wood sales in the domestic market.

AF began operations in Uruguay in 2000, later expanding to Chile in 2007, and to Brazil in 2010. Combining the three countries, the company has managed more than 100,000 hectares.

In Uruguay, its most significant track record is the management of the assets of four trusts (including this one) rated by CARE. These four trusts together had an original value of more than USD 640 million. All of them have received investment-grade ratings, reflecting their solid performance to date.

The structure has been adjusted over time to meet the demands arising from the growth in the assets under management. Currently, it maintains the same organizational framework established several years ago. More recently, a Risk Committee was added, led by Economist María Stella, with the participation of professionals such as Economist Aldo Lema, among others.

**Key Personnel**

The basic structure is composed of a Board of Directors, an Audit Committee and a Compliance Committee. No relevant changes to this structure have been reported.

- ***Francisco Bonino, Agricultural Engineer,*** continues to be the key figure, who serves as Chair of the Board of Directors and member of the Audit Committee.
- ***Dan Guapura, Mechanical Industrial Engineer,*** is the General Manager.
- ***María Stella, Economist (MSc.),*** is responsible for investor reporting, annual valuations (BEVSA/Independent/AF), financial projections and monitoring key variables (prices, comparable transactions, etc.).

## Economic and Financial Situation

The company's fiscal year ends on December 31. For the purposes of this review, CARE analyzed the latest available audited financial statements, issued by Grant Thornton as of December 31, 2024.

According to those financial statements, the company shows a positive and sustained growth in equity, consistent with the favorable evolution of its results. It is worth highlighting AF's role in the four trusts it manages. As of year-end 2024, its assets included Participation Certificates issued by the four trusts, totaling approximately USD 14 million.

In view of the above, CARE maintains a favorable opinion regarding AF's capacity to manage this and other related operations. It is also worth recalling that, as trust asset manager, AF is subject to standard oversight mechanisms, including the possibility of its replacement in the event that any of the contingencies provided in the relevant agreements may occur.

## 3. The Trust

The Trust BDU was established in May 2011. In August of the same year, EFAM (the Trustee) issued, on its behalf, book-entry Participation Certificates with a nominal value of USD 50 million. The land acquisition stage and planting phase were successfully completed on schedule. The operating company is currently engaged in forest management, maintenance, harvesting, and subsequent commercialization activities, as appropriate for each species.

The Trust's fiscal and accounting year ends on December 31, in accordance with article 330 of the Compilation of Securities Market Regulations issued by the Central Bank of Uruguay.

A summary of the Trust's interim financial position and interim income statement as of June 30, 2025, is presented in the following tables.

**Table 6. Statement of Financial Position of the Trust**

| Thousands of USD | 06/30/2025 | 12/31/2024 | 12/31/2023 |
|---|---|---|---|
| Current Assets | 7,272 | 7,091 | 6,374 |
| Non-current Assets | 75,323 | 75,553 | 73,012 |
| **Total Assets** | **82,595** | **82,644** | **79,386** |
| Current Liabilities | 671 | 1,355 | 3,295 |
| Non-current Liabilities | 2,503 | 3,015 | 2,731 |
| **Total Liabilities** | **3,174** | **4,370** | **6,026** |
| **Equity** | **79,421** | **78,274** | **73,360** |
| **Total Liabilities and Equity** | **82,595** | **82,644** | **79,386** |
| **Current Ratio** | **10.84** | **5.23** | **1.93** |

Source: Financial Statements of the *Fideicomiso Financiero Bosques del Uruguay* Trust

The Trust's book equity at the end of the reported half-year amounted to USD 79.4 million, as shown in the table above. In nominal terms, it remains above the issuance value of the Participation Certificates, which was USD 50 million.

As is known, interim closings do not require valuations of the main assets; these are performed at year-end. The following table summarizes the results for the same period.

| Table 7. Income Statement of the Trust | | | |
|---|---|---|---|
| **In thousands of USD** | **06/30/2025** | **06/30/2024** | **12/31/2024** |
| Operating Revenue | 5,858 | 4,146 | 10,159 |
| Change in Fair Value of Biological Assets | - | - | 4,736 |
| Cost of Goods Sold | (4,335) | (4,024) | (9,005) |
| **Gross Profit** | **1,523** | **121** | **5,890** |
| Administrative and Selling Expenses | (935) | (1,032) | (2,074) |
| Financial Result | (299) | 48 | 263 |
| Other Income | 2 | 7 | 7 |
| **Profit (Loss) for the period before Corporate Income Tax (IRAE)** | **290** | **(856)** | **4,086** |
| Income Tax | 856 | 219 | (404) |
| **Profit (Loss) for the Period** | **1,146** | **(637)** | **3,682** |
| Other Comprehensive Income | - | - | 1,232 |
| **Comprehensive Income for the period** | **1,146** | **(637)** | **4,914** |

Source: Financial Statements of the *Fideicomiso Financiero Bosques del Uruguay* Trust

The Trust's productive and commercial activities are analyzed in another section. Operating revenues for the period (nearly USD 6 million) are explained almost entirely by wood sales. Additionally, a little over USD 50 thousand was recorded from the sale of carbon credits.

### Risks Considered

**Management Risk**: Given the proven suitability of AF S.A. and EFAM to fulfill their duties and based on all the analyses carried out in the rating of the BDU II Trust, CARE considers that the risk of non-compliance by either the Manager or the Trustee with project-related responsibilities by either the Manager or the Trustee to be virtually nonexistent. *Virtually no risk.*

**Conflict Risk:** This refers to the potential for legal disputes that may interfere with the assigned mandate, and to the extent to which provisions exist to address them. For the same reasons noted above, it is highly unlikely that, even in the event of a conflict, the Trustee and the Manager would be unable to resolve it satisfactorily. *Very low risk.*

**Risk of Change in Trustee:** This risk is duly provided for in the relevant cases, ensuring that such a possibility remains under the control of properly represented investors.

**Risk of Change in Forestry Manager:** The risk arising from a potential change of forestry manager is also provided for, based on different possible outcomes.

## IV. UNDERLYING ASSET AND PROJECTED CASH FLOW

Investments were made in the acquisition of rural properties, located in the Eastern Republic of Uruguay, to develop forestry activities.

The Trust Agreement establishes the framework within which the Trust executes its strategy and fulfills its objectives.

The company has proven its ability to advance in the proposed processes, executing activities with satisfactory quality and according to the established schedule. As of the reporting date, all planned activities are underway. The initial planting schedule has been completed, and maintenance and management operations are progressing without major setbacks. Likewise, harvesting activities have already begun, both for pulpwood and for solid wood production.

The total area acquired amounts to 9,535 hectares, of which approximately 5,500 hectares have already been planted.

### 1. Evaluation of Investment Profitability and Internal Rate of Return

The Prospectus initially estimated an Internal Rate of Return (IRR) of 8.58%. Subsequently, the Manager has updated the projected cash flows and the return expectations have been adjusted downward over time. In March 2025, an updated financial projection was submitted, including actual data as of December 2024 and projections until the termination of the Trust.

In this updated financial estimate, the Manager presented a range of possible scenarios, assuming different trajectories for wood prices, production costs, and land values from 2025 until the termination of the Trust in 2031.

Among the scenarios presented, the one that meets CARE's criteria for reasonably conservative projections is as follows:

- **Product prices** are assumed to adjust in line with U.S. inflation, estimated at 2.1% per year[4]. No real price increases are projected for wood.
- **Land prices** are expected to increase by 3% per year in nominal U.S. dollar terms.
- **Domestic costs** are projected to adjust according to inflation rates in both the U.S. and Uruguay. For Uruguay, an average annual devaluation of 3.5% and an inflation rate of 6.2% are projected.

Additionally, the projected yields are consistent with the actual performance observed in the forest plantations, and prices and costs are based on current levels.

[4]. It is still slightly above those levels today; however, it is expected to return to its historical U.S. inflation trend.

Based on this scenario, the projected IRR for the entire term of the Trust would be 5.2%, showing no variation from the previous year's estimate. This IRR is calculated under the assumption that the investor acquired the Participation Certificates at par value in year zero.

The table below shows, for sensitivity analysis purposes, the results of different IRR scenarios, some more favorable and others less so.

**Table 8. IRR Results Under Different Scenarios**

| Scenario | IRR |
|---|---|
| **1** Wood prices adjust by U.S. inflation plus an additional 1.5% real growth. | |
| Costs adjust by U.S. and Uruguayan inflation, and land values | |
| Increase by 1.5%. | 5.1% |
| **2** Wood prices adjust by U.S. inflation. Costs adjust by U.S. and Uruguayan | |
| inflation, and land values increase by 1.5%. | 5.0% |
| **3** Wood and land prices increase by 1.5%. | 4.2% |
| **4** Land price increases by 1.5%. | 4.2% |
| **5** All factors remain constant. | 4.0% |
| **6** Same as Scenario 2, but with a 3% increase in land values. | 5.2% |

Source: Manager and CARE

The projected IRRs under the different scenarios show little variation.

Scenario 6 meets CARE's criteria for making projections. It assumes an increase in wood prices in line with U.S. inflation, implying stable real prices. According to the World Bank's most recent projections through 2035, wood prices are expected to grow at an annual rate of between 1.1% and 1.5%, depending on the source (see Section V). For land values, an annual growth rate of 3% is considered reasonable and conservative over the long-term and is the reference value generally used by the rating agency for projection purposes.

Scenarios 4 and 5 reflect real IRR projections. Scenario 4 assumes a 1.5% real increase in land prices, while all other factors remain constant (IRR 4.2%). Scenario 5 assumes all factors remain unchanged in nominal terms, resulting in an IRR of 4%.

## 2. New Estimate of the Opportunity Cost of Capital

One method to assess the attractiveness of an IRR is to compare it with the opportunity cost of equity. This rate serves as a benchmark for the expected profitability of a project and is the key indicator for discounting expected cash flows.

CARE estimates the opportunity cost of capital using the Capital Asset Pricing Model (CAPM)[5]. This model considers the risk-free rate, the market risk premium, and the risk premium assigned to the specific production system, in this case forest production. To avoid abrupt fluctuations in the rate and ensure a medium-term perspective, CARE used the average values from the past five years for all variables.

[5]. The Capital Asset Pricing Model (CAPM) is a financial valuation model used to calculate the expected return that an investor should require when investing in a financial asset, based on the level of risk assumed.

To account for systemic risk, the average "beta"[6] of forest production companies in emerging markets is used, which stands at 1.13. This figure indicates that investments in the forest sector entail a higher risk and variability than the average of all the activities in that market. For the risk-free rate, the yield on 10-year U.S. Treasury Bonds (3.15%) is used. Country risk (UBI index) is incorporated at 94 basis points[7], and the equity market risk premium is set at 4.51%.

Applying these values results in an expected return on equity of 5.87%. This figure is higher than the investor's expected IRR under the scenario that aligns with the rating agency's criteria (5.2%), which, according to this methodology, would indicate that the project would be relatively unattractive[8].

In the current context, the risk-free rate is higher than the five-year average. However, the country risk is lower than in that period. Therefore, if current values are used, the opportunity cost of capital would be lower (5.14%).

Other indicators against which the Trust's expected IRR could be compared include yield curves, which represent potential investment alternatives, as they are estimated specifically for Uruguay[9]. As of October 2025, the 10-year U.S. dollar yield curve [CUD, for its acronym in Spanish] stands at 4.77%. In this case, the expected IRR under the most likely scenario also exceeds this benchmark. It should be noted, however, that the CUD reflects only sovereign risk.

Although these short-term comparisons cannot be taken in a strict sense, they serve as a reference that—among others—helps form a judgment about the original investment in light of the current context.

### 3. Forestry Production Performance Risks

This category includes risks related to forest management, as well as climate-related risks such as droughts and wildfires.

Forest management risk refers to decisions related to planting species in suitable sites; managing seedling production and establishment; enhancing tree quality through genetic improvement programs; developing and implementing spacing and silvicultural activities; protecting silvicultural forest tree crops and land from hazards such as fire, pests and diseases, animals, and invasive weeds.

The productive management risk is minimal because it is mitigated by the Manager's proven track record and experience. The forest sector in Uruguay is in a mature stage characterized by the presence of important entities involved in primary and industrial production, support services, logistics, and foreign trade.

[6]. This value is provided by Damodaran.

[7]. This corresponds to the 5-year average; as of October 2025, country risk stands at around 65 basis points.

[8]. It is important to point that although this is a valid analysis from a financial viewpoint, institutional investors do not have this opportunity cost, since they cannot invest in global markets.

[9]. Spot Yield Curve of Uruguayan Sovereign Bonds issued either in inflation-indexed local currency or in U.S. dollars, as applicable.

Considering biological risks, the selected species have shown a strong performance in the ecosystems where they have been planted, and their pathologies are well known. However, as this is a long-term project, if the species were to present biological issues in the future, the country and the region would have access to an extensive network of highly skilled professionals specializing in basic and applied research. These professionals are primarily based at the National Institute of Agricultural Research and the University of the Republic, particularly in the School of Agronomy and the School of Sciences.

Regarding climate risks, the most significant is the occurrence of extreme droughts, such as the one experienced in 2022/2023, whose negative impacts offer very limited possibilities for mitigation. These risks are difficult to prevent and estimate in terms of their future impact. The severe drought experienced in 2022/2023 has provided valuable real-world information on the effects that such events may have on forest production.

In the case of forest fires, they are a widely recognized risk in the forest sector, and these types of projects have internalized it appropriately. Management measures are being taken to minimize the likelihood of fire, including the establishment of firebreaks, waste removal, continuous surveillance in summer, and contracting insurance policies. Additionally, the wide geographic dispersion of the farms helps to mitigate risk, as any fire outbreak would likely be confined to the affected property.

The Manager also conducts ongoing monitoring of the plantations to enable early detection of any phytosanitary or management issues that could affect the normal development of the plantations.

### 4. Land and Forest Estate Valuation

As of December 2024, a new valuation of the Trust's land and forest plantations was carried out. Unlike in the previous three years, this valuation was conducted by different firms. Pike & Co and Consur UIT were responsible for appraising the land, while the valuation of the forest plantations was performed by Indufor.

Indufor's valuation approach includes only the value of the land (as determined by Pike and Consur UIT) and the forest plantations. Unlike other appraisers, Indufor does not consider grazing lease income and potential carbon credit revenues, as its methodology assumes these elements should already be reflected in the land valuation.

The valuation approach applied to the forest plantations (wood) combined a comparable sales approach with a discounted cash flow

(DCF) methodology, applying a discount rate of 7.5% and including a notional rental. This approach yielded a valuation of USD 41.97 million for the forest plantations, representing a 2.7% increase compared to the 2023 valuation.

Regarding the land, its appraised value amounted to USD 32.16 million, which results in an average value of USD 3,373 per hectare, and reflecting a 4.6% increase over the previous year. The land valuation is based on a combination of three factors: (i) historical trends in land prices, (ii) the market value of comparable properties recently sold, and (iii) the intrinsic characteristics of the properties, including soil type, effective planting area, geographic location, and native forest area.

The table below shows the evolution of the Trust's land and forest plantation values. The series begins after the land acquisition stage was completed to ensure data comparability. It is important to note that valuations were conducted using different methodologies and reflect the combined value of the land and the forest plantations. Grazing rental income and carbon credit revenues are not included, as not all appraisers take them into consideration.

**Table 9. Evolution of Land and Forest Plantations Valuation**

| Year | Millions of USD |
|---|---|
| 2014 | 41.98 |
| 2015 | 43.21 |
| 2016 | 46.50 |
| 2017 | 48.50 |
| 2018 | 48.36 |
| 2019 | 50.11 |
| 2020 | 53.14 |
| 2021 | 65.75 |
| 2022 | 67.81 |
| 2023 | 72.73 |
| 2024 | 75.30 |
| ***Rate 2014-2024 (compound annual growth rate)*** | ***6.0%*** |

Source: CARE based on Manager data
Note: Carbon credits and grazing rental revenue are not included.

The 2024 valuation estimated a total asset value of USD 75.3 million as of December 31, 2024, reflecting a 2.4% increase over the previous year. The trend shows sustained growth in the asset base, which has been expanding at an annual compounded rate of 6% from end to end, primarily driven by the growth of forest plantations.

Although the valuation does not include the potential value of future carbon credits, the appraiser reported that this value could amount to approximately USD 3.4 million. The same discount rate applied to wood revenues was used to value the carbon-related income.

The table below shows the results of the 2024 valuation, broken down by component, and compares them with previous years.

**Table 10. Valuation by Component (in USD millions)**

| | 2021 | 2022 | 2023 | 2024 | Variation |
|---|---|---|---|---|---|
| Wood production | 37.29 | 38.24 | 41.97 | 43.10 | 2.7% |
| Grazing | 0.86 | 0.81 | 0.78 | - | - |
| Land value | 28.46 | 29.57 | 30.76 | 32.16 | 4.6% |
| Total | 66.61 | 68.62 | 73.51 | 75.26 | 2.4% |
| Carbon credits | - | 7.60 | 5.43 | 3.40 | - |

Source: Care based on valuations

**Note:** In 2024, the appraisal firm estimated that carbon credits could be worth USD 3.4 million; however, based on its methodology, it determined that this value should not be included in the valuation.

### 5. Risks considered

**Cash Flows Generation Risk.** This refers to the Trust's ability to generate the expected cash flows within the agreed timeframe. The risk is considered low and manageable through timely monitoring. It is worth noting that this risk has decreased following the completion of the plantation stage. *Medium low risk*.

**Currency Mismatch Risk**. The most relevant inflows and outflows are denominated in the same currency; this risk is *minimal.*

## V. THE OPERATING ENVIRONMENT

The environmental analysis assesses future factors that may have an impact on the generation of the projected cash flows; however, these arise from circumstances outside the company's control and relate to the broader operating context. These factors include the expected evolution of domestic and international markets for inputs and products, as well as the analysis of public policies that may directly influence the project's ability to meet its stated objectives. Public policies include not only domestic regulations but also those of countries with which Uruguay maintains trade relation.

The growth in the consumption of wood products is expected to exceed the projected increase in the world population, driven primarily by rising demand from low- and middle-income countries. Meeting this increased demand will require boosting productivity through sustainable forest management practices.

Regarding the international forest products market, trade barriers —at least for now— remain relatively stable and governed by predictable regulations; therefore, no significant risks are expected. Considering the potential expansion of environmental barriers, both the country and this project, in particular, stand out for their environmental stewardship and related certifications.

There is substantial evidence and sound reasoning to support the long-term upward trend in land prices, mainly driven by rising demand for food and fibers, enhanced productivity, and the unavailability of land for agricultural frontier expansion. In parallel, the increasing implementation of environmental protection measures could introduce medium-term restrictions on land use.

Given the extended projection horizon, which is consistent with the nature of the project itself, this analysis is presented in terms of major trends in the evolution of wood and land prices.

In terms of national sectoral policy, the change in administration may prompt renewed consideration of regulatory adjustments aimed at restricting land use for forestry—an initiative originally proposed in Parliament in 2021 but subsequently vetoed by the president in office at the time. Such regulations could have a material impact on the current development and expansion of forestry activities. However, no such measures have been proposed to date.

### 1. Economic and Market Risk

This section outlines the key aspects of the two price variables that influence the investment's returns: wood and land prices, both of which are fundamental to the Trust's business model.

### A) Wood Prices

The most critical—and therefore the most decisive—variable for the rating agency is the price of wood, as it accounts for more than 80% of the projected investment returns.

In the case of this project, the price of high-quality timber (primarily *Eucalyptus*) will have the most significant impact on its final outcome, as the production of quality timber is the core purpose of the Trust. Nonetheless, the expected price of pulpwood is also relevant, since a portion of the harvested timber, particularly during the early years of the projects, is consistently allocated to pulp production.

The Food and Agriculture Organization of the United Nations (FAO), in its report Global Forest Sector Outlook 2050,[10] predicts that global consumption of primary processed wood products is expected to grow 37% by 2050. This increase in wood product consumption, compared to the projected 25% growth in the global population, *will be driven by higher incomes in emerging world regions, resulting in catch-up effects for consumer goods (e.g. paper, packaging, clothing and furniture) and in more construction sector activities.*

The report also states that meeting future demand for wood should be achieved through a combination of increased sustainable production in naturally regenerated temperate and boreal forests, as well as planted forests, which are increasingly located in the Global South.

Mass timber and engineered wood products in construction, man-made cellulose fiber for textile production, and the more advanced forms of wood-based energy are the most prominent wood products for the large-scale substitution of non-renewable materials.

Rising demand is facing a constrained supply due to growing measures to protect native forests, as well as stricter regulatory controls over production forests. At the same time, policies aimed at mitigating the impacts of climate change also promote the protection of forests, due to their significant role as carbon sinks. In this context, a new opportunity appears for the sector: the consolidation of the carbon market, where the sale of carbon credits is a new source of income for these projects. Ongoing international negotiations continue to make progress toward securing environmental commitments on emissions reductions, suggesting that demand for carbon credits is likely to grow over the medium and long term.

Based on this outlook, wood prices are expected to follow an upward trend in the long term, at least in nominal terms. However, this trend may be affected by unfavorable circumstances that depress demand and, consequently, prices. The lingering effects of the COVID-19 pandemic, the repercussions of the conflict between Russia and Ukraine, and the slowdown of the global economy —particularly the

[10]. FAO 2022 Latest available report.

cooling of China's economy— have all contributed to significant volatility in international trade and the prices of wood and forestry products.

In the long term, there are no elements to expect changes in the trends described in the Prospectus. However, unfavorable scenarios, such as the ones mentioned above, should not be totally ruled out.

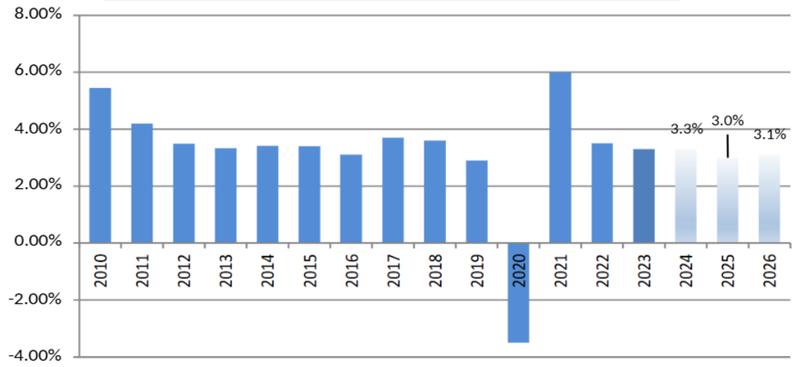
For this rating update, CARE reviewed key information about the forestry industry, confirming that there would be no major deviations from the expected trajectory in the future.

**World Economic Growth Outlook**

According to the most recent report from the International Monetary Fund (IMF), dated July 2025, global economic growth is projected at 3.0% for 2025 and 3.3% in 2026. This represents a slight improvement compared with its previous report (April 2025), though still below the historical average (2000–19) of 3.7%. This modest improvement reflects stronger-than-expected front-loading in anticipation of higher tariffs; lower average effective US tariff rates than those announced in April; and an improvement in financial conditions, particularly due to a weaker US dollar. The IMF also expects global headline inflation to fall to 4.2% in 2025 and 3.6% in 2026, a path similar to the one projected in April.

The outlook remains exposed to adverse factors, as a rebound in effective tariff rates could lead to weaker growth, and elevated uncertainty could start weighing more heavily on activity.

**Figure 1. Global Economic Growth Rate**




Source: IMF, July 2025

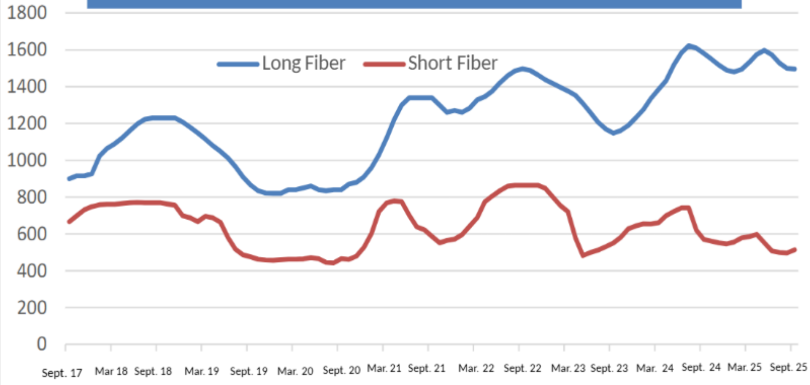
**Historical Price Trends**

In recent years, international prices of forestry products have shown high volatility, driven by a series of factors that have affected global demand—including the COVID-19 pandemic, armed conflicts, weak global economic growth, and inventory accumulation, among others.

Regarding pulpwood, the reduction in consumption caused by the pandemic initially triggered a sharp drop in demand and prices. Thus, after a marked sharp peak in prices in 2018, international, regional and domestic pulp values experienced a very significant drop of around 35-40%. The greatest fall of pulpwood prices occurred in 2019, after which they either recovered slightly or remained at depressed levels throughout most of 2020. This drop was temporary, and in 2021 pulpwood prices recovered rapidly, maintaining their upward trajectory until the end of 2022. In 2023, international prices dropped sharply for much of the year before beginning to recover toward the end of the year and throughout the first half of 2024. Since mid-2024 and up to the present, international prices have remained on a more stable trend, although with a clear cyclical pattern, and in the case of short-fiber pulp, they appear to show a slight downward tendency.

The figure below presents data on prices per ton for two types of pulp: NBSK[11] (main international prices for long-fiber conifer pulp in Europe), and BHKP[12] (short-fiber pulp in China). The behavior mentioned in the previous paragraph is shown in the figure below.

**Figure 2. Price Trends of Bleached Long-Fiber Pulp (Europe) and Bleached Short-Fiber Pulp (China), in USD/ton**




Source: NOREXECO

The price recovery observed during the first half of 2024 reflects a reduction in pulp inventories, which had been weighing on prices throughout much of 2023.

In the first half of 2024, the implicit price[13] received for Uruguay's pulp exports was USD 610 per ton FOB, representing a 10% increase compared with the average export price in 2023, but still 13% below the levels recorded in 2022. In the first seven months of 2025, the average implicit price for the period was approximately USD 546 per ton, around 10.5% below the 2024 average. No recovery in pulp prices is expected for the second half of 2025, with current levels and trends likely to persist.

CARE had access to some projections which estimate that, in the short term, international pulp prices could improve compared to current levels (as of August 2025). However, they would remain below the 2024 average in the case of short-fiber pulp and slightly above it for long-fiber pulp. The

[11]. Northern Bleached Softwood Kraft. Long-fiber bleached pulp.

[12]. Blanched Hardwood Kraft Pulp. Short-fiber bleached pulp.

[13]. FOB export value / exported tons.

negotiation of an agreement between the United States and the European Union for the imposition of a 15% tariff on EU exports, together with the U.S. decision to exempt Brazilian exports from a planned 50% tariff, could help restore market confidence, stimulate demand, and contribute to an improvement in prices.

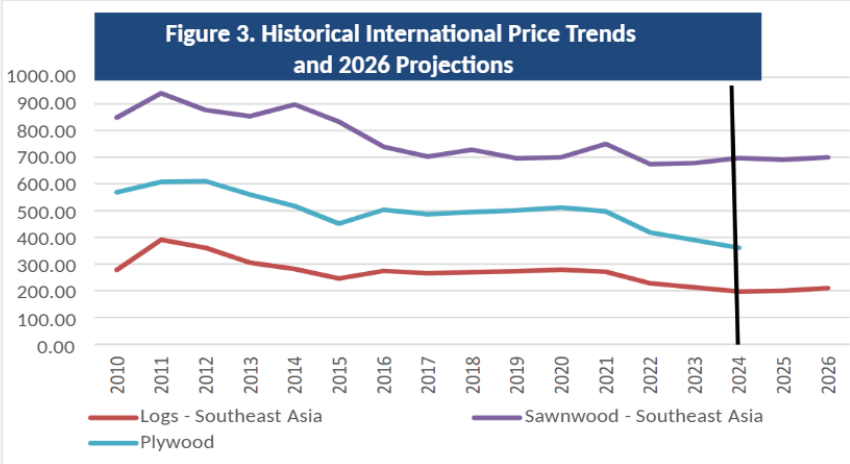
No information is currently available to project the long-term outlook for international pulp prices. Over the past 10 years, the annual growth rate of international price of long-fiber pulp (NBSK) has been 3.6%. However, this figure is only indicative and does not ensure that future trends will follow the same pattern.

In the case of *Eucalyptus* timber for sawmilling, demand has exhibited volatility similar to that of pulp, though to a lesser extent. Prices have shown a modest upward trend, while the greatest impact has been observed in traded volumes. Following a highly uncertain start to 2020, driven by the export slowdown at the end of 2019 and the outbreak of the pandemic in early 2020, the second half of the year showed signs of recovery, consolidating a positive trend that continued throughout 2021 and into early 2022.

In the second half of 2022, external demand for *Eucalyptus* sawlogs fell sharply, with a slow recovery beginning in the second quarter of 2023. In 2024, exports—both in value and volume—began to recover again from the second quarter, mainly driven by price improvements. During the first seven months of 2025, Uruguay's exports of *Eucalyptus* wood remained, in value terms, at levels very similar to those of 2024. China, Vietnam, India, Cambodia, and Malaysia are the main destinations for Uruguay's *Eucalyptus* sawlog exports.

In the case of sawn pine wood, the international market for Uruguayan products shows no clear signs of recovery maintaining a downward trend since 2021. Both the prevailing prices and the level of international competition have made it difficult to close deals, as China has virtually withdrawn from the market and India remains the main—and practically the only—importing market for Uruguayan pine. Some of the information gathered indicates that, by the end of 2024, India's consumption capacity may be below the volume of product it is currently importing, which could exert downward pressure on prices going forward. In the first seven months of the year, Uruguay's exports of pine logs fell in value by 27% compared to the same period in 2024.

According to the World Bank's latest price outlook report from April 2025, raw wood prices are expected to show slight increases over the next two years, in the range of 2% to 3% per year. However, they have continued on a downward trend since 2011. Sawnwood prices, meanwhile, are not expected to experience significant changes over the next two years and have also shown a downward trend since 2011.



Source: Prepared based on World Bank data

In 2021, the World Bank presented a long-term projection for sawlogs and sawnwood, showing a slight increase in nominal values towards 2035[14]. In the case of sawlogs, an average annual cumulative growth rate of 0.95% was projected, while sawnwood was expected to grow at a rate of 1.5%. These price increases would not be sufficient to offset the devaluation of the U.S. dollar and would therefore translate into a slight decline in real terms. These projections are consistent with those for food commodities, which are also expected to show a slight reduction in real terms (positive nominal increases but somewhat lower than the long-term devaluation of the dollar.)

Uruguay's forest product exports reached a new record in 2024, primarily driven by the first full year of operation of its three pulp mills. The total value of forest product exports was 20% higher than in the same period of the previous year. In 2024, pulp became Uruguay's leading export product for the first time, surpassing beef as a result of both higher prices and increased export volumes.

In the first seven months of 2025, the accumulated value of forest product exports was at a level very similar to that of the same period of the previous year (+1%), ranking for now in second place, below beef exports. During this period, a decline in export revenues was recorded for pine and *Eucalyptus* logs, plywood panels, paper and cardboard, while exports of woodchips increased significantly.

The following table shows the value of Uruguay's forest product exports for recent years and for the first seven months of 2025, where a clear upward trend can be observed.

[14]. World Bank Commodities Price Forecast. In subsequent reports, only two-year price projections are provided.

| Table 11. Exports of Selected Forest Products (in millions of USD, FOB) | | | | | | | |
|---|---|---|---|---|---|---|---|
| | 2021 | 2022 | 2023 | 2024 | January–July 2024 | January–July 2025 | Variation |
| Pulp | 1,576 | 1,818 | 2,019 | 2,545 | 1,313 | 1,337 | 2% |
| Pine Logs | 204 | 127 | 69 | 64 | 41 | 30 | -27% |
| Plywood Panels | 105 | 102 | 80 | 89 | 57 | 47 | -17% |
| Chips (*Eucalyptus* and pine) | 74 | 113 | 109 | 56 | 29 | 40 | 39% |
| Sawnwood (coniferous and non-coniferous) | 159 | 184 | 171 | 188 | 110 | 110 | 0% |
| Paper and Cardboard | 26 | 35 | 30 | 27 | 17 | 15 | -12% |
| *Eucalyptus* Logs | 23 | 34 | 24 | 39 | 21 | 20 | -7% |
| **Total** | **2,167** | **2,412** | **2,503** | **3,009** | **1,588** | **1,599** | **1%** |

Source: CARE, based on Customs and Uruguay XXI data

**Note:** Exports of logs to the Free Trade Zone were not included, as pulp exports from this destination were considered.

It is worth noting the upward trend in sawnwood exports (coniferous and non-coniferous combined), which have become the second most important forest product export after pulp.

## B) Prices of Land

The outlook for international demand for land continues to be encouraging. In the short and medium term, its prices are expected to increase as a consequence of the difficulties for expanding the agricultural frontier and the need for a rational and sustainable use of soil resources. However, this does not rule out the possibility of short-term deviations from the overall upward trend, as changes in several variables—such as interest rates, currency devaluations, international inflation, or commodity prices—may affect nominal land values.

In this report, CARE updated the analysis of land price trends in several relevant countries, based on the understanding that their trajectories may offer useful insights into potential developments in Uruguay.

In the 21$^{st}$ century, the price of land in the United States has followed a continuous upward trend, with some exceptions (2009 and 2015) when minimal reductions were verified. However, these exceptions did not change this trend. The price of land in the United States only declined in the early 1980s due to a change in its monetary policy called the "Voelker Plan" and, to a lesser extent, after the Lehman Brothers financial crisis and the COVID-19 pandemic. In all cases, price reductions were very moderate and reversed within a few years.

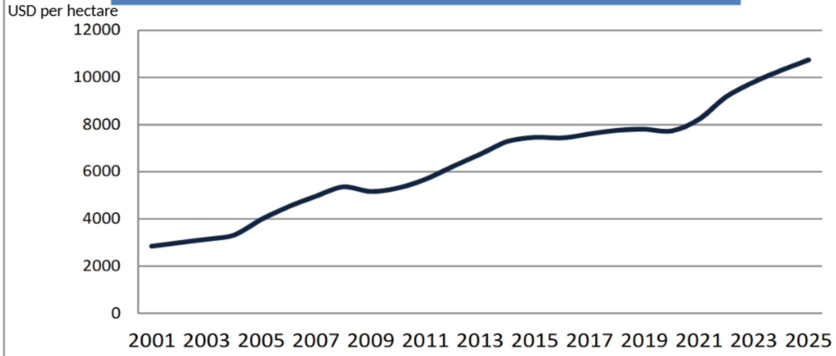
Between 2000 and 2025, the cumulative annual growth rate of land prices in the U.S., in current dollars, was 5.69%, exceeding the average inflation rate of the U.S. dollar (2.55% per year). This results in a real annual increase of 3.06% over the past 25 years.

The average land price remained relatively stable between 2017 and 2020, showing minimal increases aligned with the U.S. inflation rate. However, over the past five years, values have recovered significantly, improving in real terms and keeping pace with higher inflation. Between

2020 and 2025, the average price per hectare recorded a cumulative increase of 39%. When analyzed separately, agricultural land prices rose by 43.5% over that period, while prices for grazing land increased by 37.1%.

The latest USDA[15] report, which presents 2025 land prices, shows a 4.32% increase in average land values compared to the previous year. Agricultural land prices rose by 4.67%, while grazing land prices increased by 4.92%.

Figure 4. Evolution of Land Prices in the U.S.

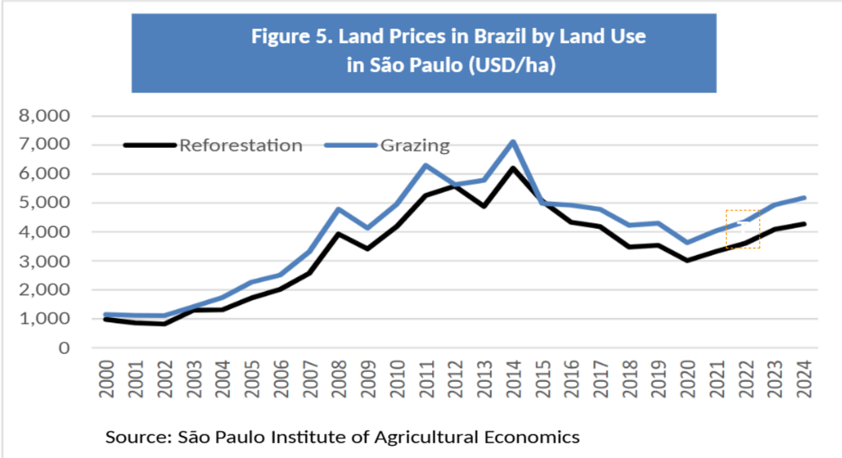



Source: USDA Land Prices (August 2025)

Land prices in Brazil are generally influenced by exchange-rate fluctuations, as land is valued in the local currency. Consequently, currency movements can amplify changes in land prices. In U.S. dollar terms, land prices showed sustained growth until 2014, followed by a decline through 2020, mirroring the trend observed in Uruguay. Since 2020, prices have recovered significantly (12% in 2021, 8% in 2022, and 13% in 2023), although they remain well below their historical peak.

In 2024, the São Paulo Institute of Agricultural Economics reported a 9% increase in land prices in the local currency. However, it is important to note that during the last months of 2024, the Brazilian currency experienced a sharp depreciation against the U.S. dollar, which likely caused end-of-year land values, in dollar terms, to fall below those of the previous year (2023). The figure below reflects the average annual land price and the average exchange rate, which is why 2024 still shows a slight increase (approximately 5% in U.S. dollars).

[15]. USDA Land Prices, August 2025.




Argentina's recent economic history has made it impossible to obtain a reliable and up-to-date series of land prices. High policy volatility, heavy export taxes on agricultural production, macroeconomic imbalances, and foreign-exchange restrictions have caused distortions in land values that bear little relation to their underlying long-term trends. Ongoing changes in economic policy will likely allow the country to resume consistent and reliable statistical series in the medium term.

Based on technical reports consulted by CARE, in Argentina, in 55 years (1956 to 2011), the price of high-quality agricultural land increased at a compound annual growth rate of 3.5% in real terms.

The Argentine Chamber of Rural Real Estate [CAIR, for its acronym in Spanish], an institution that monitors market trends, reported that market activity (referring to transaction volume rather than prices) has been recovering steadily since 2024, as a direct result of the change in administration. The activity index published by the Chamber[16] reached 51.9 points in July 2025, compared to 21.5 points at the end of December 2023.

The land market in Argentina remains attractive, supported by strong demand, diversified investor interests, and a macroeconomic environment that—if it stabilizes— could further enhance the weighting of rural assets. The key appears to lie in ensuring legal predictability and economic stability to sustain this process over time. According to the Chamber, some areas are already showing early signs of a gradual revaluation. This trend is closely tied to the current administration's economic and political outlook, and its scope and duration will depend on how these factors evolve.

In the case of Uruguay, data reported by the Directorate of Agricultural Statistics of the Ministry of Livestock, Agriculture and Fisheries [DIEA-MGAP, for its acronym in Spanish] show a very strong appreciation in land values from 2004 to 2014. Since 2015, prices have undergone a downward adjustment, although with somewhat erratic behavior, probably as a consequence of the low number of transactions as both

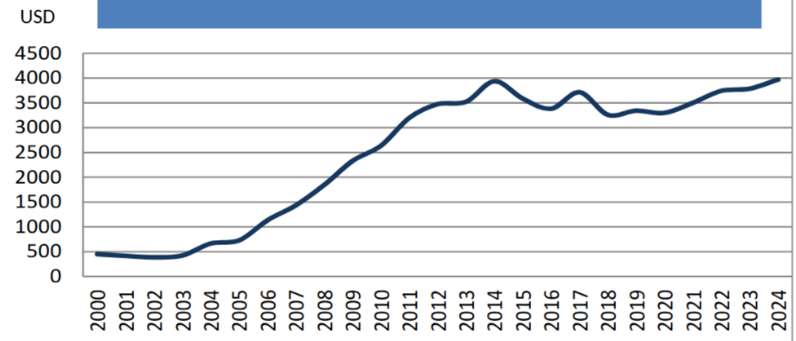
[16]. The Rural Real Estate Market Activity Index (InCAIR) is a monthly indicator that reflects level of activity in the rural real estate market. The index uses 100 points as its maximum benchmark, corresponding to the highest level of activity ever recorded. It does not track prices or values—only market activity. The index has been compiled since November 2013.

the quality and location of the land traded have a strong influence on average prices.

Since 2021, land prices in Uruguay seem to have returned to their historical growth rates, increasing by 6.2% in that year and by 6.9% in 2022. These figures were likely influenced by the rebound in international prices, the appreciation of the Uruguayan peso against the U.S. dollar—the currency in which land transactions are conducted—as well as by elevated global inflation.

In 2023, land prices increased by 1.1%, and in 2024 they rose again by 4.9%. It is worth noting that in 2024, land prices—expressed in nominal terms—slightly surpassed (+0.8%) the historical peak recorded in 2014.

**Figure 6. Evolution of Average Land Price in Uruguay**




Source: DIEA-MGAP

Other sources of data provided by consulting firms and market operators,[17] using different valuation methodologies, estimated land values for properties with similar characteristics, considering their respective productive uses. The most commonly used methodologies are the comparison of actual sales of similar properties and valuation based on expected rental income. In general, market value is determined by combining both approaches. Based on the review of several land valuations accessed by CARE, the resulting estimates are consistent with the data provided by DIEA.

The land market report for the first half of 2025, prepared by the consulting firm Agroclaro and published by *El País* newspaper, indicates that 62 land transactions were completed, totaling 66,500 hectares, including agricultural, livestock, and forestry properties. According to the report, land values show a certain degree of stability, although demand is stronger for properties with high agricultural potential and good locations in the coastal and southern coastal regions. In contrast, livestock properties are facing lower demand pressure and, overall, thier values have remained stable over the past year. Forestry properties remain in strong demand and are sold quickly.

[17]. SERAGRO, Agroclaro, Consur and private operators.

The appreciation of land prices is a relatively significant component of the Trust's final income (20%). As such, its performance will have a substantial impact on the overall return on investment. The latest update to the financial model, under the scenario used by the rating agency, assumes a cumulative annual appreciation of 3% between 2025 and 2031. It is therefore important to examine historical trends to gain a reasonable indication of potential future behavior.

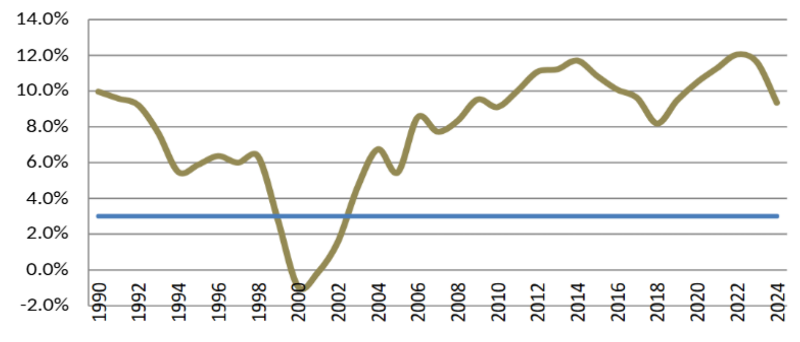
For this purpose, CARE analyzed annual variations in the land prices (in current U.S. dollars) using a dataset spanning more than 50 years (1970 to 2024), evaluating 20-year rolling periods. The analysis revealed the following:

- On average, the annual growth rate of land prices over 20-year periods was 7.9%.
- The annual growth rate fell below 3% only for properties sold between 1999 and 2002, that is, those acquired in 1979 and 1982.
- For all other periods, the annual growth rate of land prices consistently exceeded 3%.

If the same analysis is applied to 30-year periods, the annual growth rate falls slightly (7.4%), with a minimum annual growth of 5%. Accordingly, in no period does the growth rate fall below the benchmark.

The annual trend of this indicator (based on 20-year intervals) shows an upward trajectory until 2014, after which it begins to decline, however, it remains well above 3%, averaging around 9% annual growth.

**Figure 7. Annual Growth Rate of Average Land Price over 20-Year Periods**




Source: Based on data from DIEA-MGAP

CARE considers that although sustained increases in land prices are expected in the medium and long term, they are unlikely to reach the magnitude observed in the past. Price increases will probably keep pace with long-term U.S. inflation rates, with an additional modest component driven by improvements in land productivity, resulting in annual growth rates of approximately 3% to 4%. This does not rule out the possibility of periods with higher or lower annual growth rates.

**2. Public Policies, Political Risk**

The risk associated with public policies refers to the potential threat of government actions that could impact the ownership structures and operating models defined by the Trust.

The National Forestry Policy is based on the Forestry Law No. 15,939 (December 28, 1987) and its regulatory decrees. It is also strongly governed by the Environmental Impact Assessment Law (No. 16,466), the Land-Use Planning and Sustainable Development Law (No. 18,306), and the Environmental Protection Law (No. 17,283), along with their amendments and regulatory decrees. In general, successive amendments to these regulations have introduced additional requirements and restrictions on sector growth, mainly through the obligations associated with Prior Environmental Authorizations and the special authorizations for forestry plantations established under the December 2021 decree.

The legal framework for the forestry sector has two main objectives: the conservation of native forests and the expansion of the country's forest resource base to enable future industrial development.

The Forestry Law provides that the protection, improvement, and expansion of forest resources—and, more broadly, the development of the forestry sector— are matters of national interest. Its implementation is entrusted to the Ministry of Livestock, Agriculture and Fisheries through the General Directorate of Forestry. The Law promotes sustainable forest management through various incentive mechanisms. To access the benefits it offers, forestry plantations must operate under a project approved by the General Directorate of Forestry in accordance with the established technical guidelines. Currently, these benefits have been significantly reduced and remain available only for the production of timber destined for the sawmilling and wood-panel industries, as well as for protective forests.

In December 2021, after the Senate approved a bill —already passed by the House of Representatives— to further regulate the forestry sector, the Executive Branch vetoed the proposed law. As a result, no legislative changes were implemented at that time. The bill proposed restricting afforestation activities to designated priority forestry lands and capping the total forested area at 10% of the country's agricultural land. Although this bill would not have directly affected this project, its approval could have introduced future regulatory constraints for the forestry sector.

Also, in December 2021, the Executive Branch issued Decree No. 405/021, introducing several changes to forestry regulations, probably in response to some of the concerns raised by the vetoed bill. This decree reduced the minimum threshold for requiring a Prior Environmental Authorization from the National Directorate for Environmental Quality and Assessment [DINACEA, for its acronym in Spanish] from 100 to 40 hectares. Additionally, it established that reforestation projects previously exempt from this requirement—because they were implemented before it was introduced—must now obtain such authorization. This decree also revised certain soil classifications and adjusted the criteria for conducting environmental impact assessments.

On January 13, 2025, shortly before the end of its term, the outgoing administration issued Decree No. 3/025, amending Decree No. 405/021 with the aim, among others, of streamlining the permitting process for reforestation projects. This decree provides for the replacement of the Prior Environmental Authorization requirement with a Special Environmental Authorization, which allows producers to avoid changing soil types for subsequent plantings. This change simplifies and accelerates the permitting process, as producers are no longer required to wait for formal approval from the Ministry of Environment. Instead, they may begin planting once the authorization is in process, provided they notify DINACEA at least 30 days in advance.

The new administration has expressed some reservations about the most recent decree issued by the previous government and has stated its intention to review the current regulatory framework governing forestry activities. It has not ruled out the possibility of introducing changes similar to those included in the 2021 bill, which was vetoed by the Executive Branch. While this situation creates a degree of short-term uncertainty; however, should changes to the regulatory framework materialize, they would have little impact on this Trust, as the incorporation of new forested areas is not planned. Even though, they could affect certain reforestation activities.

**Environmental and Regulatory Risk:** *In conclusion, the environmental risk both in terms of markets and public policies is considered low*. *Low risk.*

## VI. RISK RATING

*Based on the analysis of the main risks identified in each section, and considering the various legal, qualitative, and quantitative approaches presented by both the Trustee and the Manager, as well as CARE's own assessment and the publicly available information, CARE's Rating Committee concludes that the Issuance is rated BBB+.uy[18] in accordance with CARE's Rating Manual*.

Rating Committee

Julio Preve, Engineer

Martín Durán Martínez, CA

Adrián Tambler, Agr. Eng.

18. ***BBB+.uy*.** This rating applies to instruments issued by companies or entities that present a medium-low investment risk. Their capacity to meet principal and interest payments on the agreed terms and schedule is considered good. The instrument itself, the condition of the issuing company, the quality of the project, and the characteristics of the operating environment collectively provide a moderate level of comfort in the analysis performed—without ruling out the possibility of some weakness in any of the four risk areas (instrument, project, issuer, environment).

The risk associated with the instrument may increase in the event of foreseeable changes in the project as originally presented, in the issuing company, in the economic sector to which it belongs, or in the broader economy. The probability of such foreseeable unfavorable changes in the external environment is considered low to medium-low and is compatible with the company's ability to manage them—although it would imply somewhat higher risk than in higher-rated categories.

***This is considered a minimum investment-grade rating. The "+" sign indicates that the rating is closer to the next higher category.***