CARE
RISK RATING AGENCY

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

Montevideo, October 2025

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Public Offering Rating Update of the Participation Certificates

October 14, 2025

Name:	Fideicomiso Financiero Forestal Bosques del Uruguay III
Trustee:	EF Asset Management Administradora de Fondos de Inversión
Manager (Operator) and Organizer:	Agro Empresa Forestal S.A.
Registrar and Paying Agent:	EF Asset Management Administradora de Fondos de Inversión
Representative Entity:	Bolsa Electrónica de Valores del Uruguay S.A.
Securities:	Participation Certificates
Currency:	U.S. Dollars
Issue Amount:	USD 190,000,000
Initial Offering Date:	December 6, 2016
Term:	20 years
Distributions:	Subject to cumulative net income, in accordance with the established procedure
Trust Assets:	Land and forest plantations
Rating Committee:	Julio Preve, Adrián Tambler and Martín Durán Martínez
Risk Rating:	BBB+.uy[1]
Validity of the Rating:	April 30, 2026
Manual used:	*Manual de Calificación de Finanzas Estructuradas Administradas por Terceros* [Third Party Managed Structured Finance Rating Manual]

[1]. The assigned rating may be subject to change at any time pursuant to CARE's rating methodology.

GENERAL OVERVIEW

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

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

- A financial structure which, from a legal standpoint, provides the necessary guarantees, as highlighted in the legal report included in Annex I of the original rating and subsequently ratified over time.

- A business that, from both a physical and an economic-financial standpoint for the investor, has passed the various tests reasonably applied by the issuer and the rating agency. The latest update of the financial cash flow as of December 2024 estimated an IRR of 6.4%, a figure that remains unchanged from the previous year (see Section IV).

- The Trust owns a total of 45,230 hectares, of which approximately 27,000 hectares were planted as of June 2025, resulting in an average utilization rate of nearly 61%.

- In this case, the Trust acquired a landholding with an ongoing business, which significantly mitigated the risks associated with land acquisition and establishment. Although the Business Plan called for the reconversion of a substantial portion of the planted area. Progress has already been made in reconverting the younger pine stands that lacked adequate management, replacing them with *Eucalyptus* sawlog plantations, while thinning activities continue in the older, higher-quality pine areas that have been retained as standing timber.

- It is worth noting that the same company also manages three other projects with similar characteristics, all of which have been rated investment grade by CARE. The company currently manages over 80,000 hectares of productive forests, financed through the issuance of a total of USD 640 million in Participation Certificates. Additionally, as of December 2024, the company held Participation Certificates across the four trusts with an aggregate value of approximately USD 14 million.

- The Manager's reports (Agro Empresa Forestal S.A.), validated by the Surveillance Committee, are generally deemed satisfactory in relation to the project's progress. The Committee further reports that the minimum expected standards have been properly met in terms of planted areas, establishment success, and the Mean Annual Increment (MAI) of the forests.

- The management capacity of the project's operating company, Agro Empresa Forestal, continues to meet the efficiency standards evaluated in the previous update reports, as confirmed in various reports from the parties involved.

- The corporate governance structure minimizes investor risk and has operated properly up to the date of this report.

- In the first half of 2025, 208 hectares were planted, approximately one-third of what had been planned for the autumn planting season. The projected planting area for 2025, totaling 1,425 hectares, is expected to be completed in the spring. In addition, 129 hectares were harvested during the reporting period, which resulted in a 1% decrease in the value of the forest assets.

- The Trust's gross revenues for the first half of the year amounted to USD 6.4 million. Although this figure would exceed the projected amount for the first half of the year by 43%, it is 29% lower than the revenues recorded in the same period of 2024. The reduction in exports—mainly pine—had already been anticipated due to the slowdown in that market. Of the total revenues for the first half of the year, 32% came from domestic wood sales, 65% from pine exports, and 4% from grazing rental income. There was also a marginal sale of carbon credits during the period (USD 62,000).

- Of the total volume of wood sold during the quarter, 37% corresponded to commercial thinning operations and 63% to clearfell (final harvest). In the first quarter, pine operations were halted until conditions improve in the Asian market; however, some remaining 2024 stock was exported, along with a portion of the production from January 2025.

- Regarding expenditures for the first half of the year, operating costs were above budget, largely due to higher transportation expenses (more wood was transported and from more distant farms), while general expenses were slightly above the budgeted amount. Investment activities during this period were 20% below budget, as a smaller area than projected was planted during the autumn planting season. Of the total invested, 51% was allocated to pruning and 49% to reforestation activities. These investments were financed through a new long-term loan that was taken out during the first half of the year.

- During the reporting period, the Trust completed the process of securing a new long-term loan totaling USD 15 million, with funds disbursed in the first and second quarters. The purpose of this loan is to finance working capital investments. The unused portion of the loan proceeds was placed in short-term investments, with USD 7.4 million allocated to U.S. Treasury bills (T-Bills).

- As of December 2024, a new valuation of the Trust's land and forest plantations reported a total value of USD 237.4 million, comprising USD 149.7 million for land and USD 87.7 million for forest plantations. The book equity as of June 30, 2025, amounted to just over USD 238.8 million, which in nominal terms exceeds the USD 190 million received from the issuance

- 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. In the case of pine, the entry of additional supply from New Zealand and Australia into India—formerly the main market for Uruguay—has resulted in oversupply, which has strongly pressured prices downward. Meanwhile, the domestic market continues to show solid 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 has been engaged to update the rating of the Participation Certificates of the *Fideicomiso Financiero Forestal Bosques del Uruguay III* Financial Trust, with a nominal value of USD 190,000,000 (one hundred ninety million U.S. dollars).

A risk rating represents the expression of a specialized opinion provided by a company authorized for such purpose by the Central Bank of Uruguay [BCU, for its acronym in Spanish], which oversees and regulates both the financial system and risk rating agencies. 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 neither audits nor verifies the accuracy of the information provided, as it is based on sources that the agency deems reliable.

The conceptual framework of this rating involves a forward-looking assessment, which assigns a grade to the Trust according to its expected performance and its ability to generate profits over time, based on the forest business project its management is mandated to execute. While the initial rating established a reasonable range for the Internal Rate of Return (IRR) through multiple simulations, subsequent ratings are not strictly bound to achieve those figures. Indeed, this issuance does not involve a fixed return commitment. Therefore, the rating grade does not solely depend on the IRR calculated for the project or the investors' opportunity cost of capital. Ultimately, the rating grade is determined by various criteria, including project compliance and the achievement of a minimum return deemed acceptable at the time of each rating update.

CARE Risk Rating Agency is a credit rating agency whose records and manuals have been approved by the Central Bank of Uruguay since April 1998. Its ratings are issued in accordance with its methodology, which was duly approved by that authority. For each rating process, a rating committee is formed, composed of the necessary professionals selected for the case, who carry out their assessment in accordance with CARE's manuals. These manuals, its code of ethics, public filings, and historical precedents are available on CARE's website: www.care.com.uy, as well as on the regulator's website: www.bcu.gub.uy. In this case, the rating committee was composed of Martín Durán Martínez, Adrián Tambler and Julio Preve. CARE engaged the services of Leandro Rama, Attorney-at-Law, to conduct the legal risk assessment for the original rating, the report of which was included in Annex I of that rating[2]. In addition, when deemed necessary, CARE regularly commissions supplementary field reports and conducts site visits to the farms.

[2]. Available at www.care.com.uy.

Beyond standard updates, the rating may change due to new relevant events.

2. General Background and Key Events of the Period

A. General Background

The *Fideicomiso Financiero Forestal Bosques del Uruguay III* Financial Trust aims to provide investors with long-term returns, primarily generated from the sale of harvested and standing timber, as well as from the appreciation of land assets. Additionally, though to a lesser extent, returns are expected from the sale of carbon credits and grazing rental income from non-forested land. The Trust follows investment and management protocols that comply with appropriate productive, environmental, and social standards.

As the most relevant precedent, the Trusts *Fideicomisos Financieros Forestales Bosques del Uruguay I, II and IV* issued Participation Certificates in August 2011, October 2014, and April 2019 amounting to USD 50, 70 and 330 million, respectively. These Trusts, managed by the same entity as this one, have satisfactorily complied with their original business plans, which are similar to the one presented in this report. All three have been rated investment grade by CARE.

The *Fideicomiso Financiero Forestal Bosques del Uruguay III* Financial Trust was established on August 22, 2016, by means of a Trust Agreement made and entered into by and between EF ASSET MANAGEMENT Administradora de Fondos de Inversión S.A., acting as Trustee, Agro Empresa Forestal S.A., acting as Manager, and the Initial Subscribers of the Securities, acting as Trustors.

- With the proceeds from the issuance, the Trust acquired a total area of 46,269 hectares, of which 55% was already forested with the most widely planted commercial species in Uruguay: *Eucalyptus* and pine. These plantations were in the middle of their productive cycle and the Business Plan aimed to increase the planted area to 65%.

- A total of 47 farms were acquired, originally with a high proportion of pine trees (more than 50%). *Eucalyptus* pulpwood plantations accounted for 30% of the total area and *Eucalyptus grandis* plantations, primarily intended for solid wood production, accounted for approximately 20% of the forest assets.

- The Business Plan called for harvesting the pine stands at the end of their cycle and replacing them with *Eucalyptus grandis* and *dunnii* species. Also, it provided that some poorly grown and maintained pine stands were harvested before the end of their cycle and replanted with *Eucalyptus grandis* species. In addition, the Plan provided that, after clear-cutting the *Eucalyptus* stands intended for pulp production, these areas should be replanted with *Eucalyptus* species suitable for solid wood production whenever possible.

- This project is located in the central-eastern part of the country, distributed in these departments: Cerro Largo (38%), Lavalleja (24%), Treinta y Tres (19%), Florida (17%) and Rocha (2%), as these are areas with great potential for forest development.

- According to the Prospectus, it was projected that 70–80% of total estimated revenues would come from the sale of wood and/or standing timber, 20–25% from the sale of the land at the end of the project, and less than 1.5% from carbon credit sales and grazing rental income.

- In October 2018, the Cruz Roja farm, previously owned by the *Bosques del Uruguay II* Financial Trust was acquired. This property covers an area of 1,782 hectares, of which 1,350 are available for planting and 51% were already planted.

- In September 2018, the last capital call was made for USD 8,997,000, completing the issuance.

- On February 11, 2020, a meeting of the Holders of the Trust's Participation Certificates was held, with all Holders in attendance. At that meeting, the Holders unanimously approved an amendment to the Trust Agreement authorizing the Trust to incur debt of up to 15% of its net assets, subject to prior approval from the Surveillance Committee and notification to the Risk Rating Agency.

- To meet cash shortfalls arising from harvesting costs and the export process, the Trust has obtained short-term credit facilities with local private banks—mainly overdraft lines and export-financing arrangements—which have been renewed on several occasions. It has also taken out medium and long term loans. In every instance, the Surveillance Committee granted its prior approval, and the Trustee duly reported the transactions to the Rating Agency.

- On December 28, 2020, a meeting of the Holders of the Trust's Participation Certificates was held, with all Holders in attendance. At that meeting, it was resolved to amend certain terms and conditions of the Participation Certificates. The changes included modifying the fee-adjustment formula for Agro Empresa Forestal and agreeing to publish Trust-related information on the Bosques del Uruguay website once a year.

- By 2024, the Trust was expected to have completed the conversion of *Eucalyptus* plantations originally intended for pulpwood into mixed plantations to produce solid wood from *E. grandis* in the most suitable areas, complemented by *E. dunnii* for pulpwood production in lower-lying areas. Regarding pine plantations, after having carried out an economic assessment that considered location, age, growth rates, and management status, it was decided to conduct early harvesting on part of those areas and replant them with *E. grandis* and *E. dunnii species*. In the remaining pine areas, pruning and thinning operations continued until their final harvest.

- As of June 30, 2026, 37% of the area was planted with *E. grandis* (solid-wood quality), 27% was allocated to pulpwood production (mainly *E. dunnii*), and the remaining 36% continued to be pine.

- The Trust's outlook for the commercialization of its carbon credit portfolio in the next few years seems promising. The verification process began in 2021 and confirmed tree growth and carbon accumulation in line with the plan. The verification process was finally completed in 2024.

- In April 2022, the Trustee took out a long-term (10 years) loan for a total of USD 7 million from a local bank to further progress in the conversion investments and to take advantage of the low interest rates. The Surveillance Committee authorized this operation, complying with the applicable regulations. This loan will be repaid in 120 installments, and its amortization has already begun.

- In the third quarter of 2022, the Trust sold four properties because their location and utilization level were negatively affecting the project’s profitability. The total proceeds from the sale of these four farms (1,051 hectares), all located in Rocha, amounted to USD 2.95 million.

- 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.

- The Trust holds FSC® (Forest Stewardship Council) certification. As of June 2025, it had approximately 15,400 effective planted hectares under FSC certification, representing 55% of the total area. The goal for 2025 is to certify the remaining 23 farms, which will allow the Trust to reach 100% certified hectares. The annual recertification audit will be conducted in the second half of 2025.

- Toward the end of 2024, the annual valuation of the Trust's land and forest plantations was carried out, estimating a total value of USD 237.4 million, consisting of USD 149.7 million for the land and USD 87.7 million for the forest plantations[3]. Land values increased by 8.0%, while the valuation of the forest plantations declined by 4.7%, resulting in a net positive revaluation of assets of 2.9%

B. Key Highlights of the Period

- At the end of 2024, the Manager submitted the budget for 2025, which has already been approved by the Surveillance Committee. Gross revenues of USD 14.0 million were projected, with 42% coming from domestic wood sales (pulp and sawmills), 45% from export wood sales, and the remainder from other income streams (mainly grazing rental income and carbon credit sales). After deducting operating costs and expenses, the Trust would generate a slightly positive net operating cash flow of about USD 77,000. Finally, investments of approximately USD 4.5 million are projected.

Table 1. Projected Operating Budget 2025 (USD)

	Budget
Domestic Wood Sales – Gross Revenues	5,954,492
Export Wood Sales – Gross Revenues	6,337,602
Other Income	1,753,646
Total Revenues	**14,045,740**
Operating Costs	-9,408,254
Expenses	-4,560,301
Net Operating Cash Flow	**77,185**
Investments	-4,540,060
Operating and Investment Cash Flow	**-4,462,875**

Source: Manager

[3]. On that occasion, a new appraisal firm (INDUFOR) was engaged. This appraiser does not factor in grazing rental income or revenues from carbon sales, on the grounds that such returns should already be reflected in the land value. Nonetheless, it acknowledges that there could be approximately USD 23 million in carbon credits that could potentially be sold.

- In the first half of 2025, the Trust recorded total revenues of approximately USD 6.4 million, 43% higher than projected for the period but 29% lower than the gross revenues recorded in the same period of the previous year. Of the total revenues, 32% came from domestic wood sales (pulp and sawmills), 65% from export wood sales, and 4% from grazing leases.

- Of the total volume of wood sold during the first half of the year, 37% corresponded to commercial thinning operations and 63% to clearfell (final harvest). The cost of wood sold is attributable solely to clearfell sales (representing a reduction of approximately 1% in the forest asset), which amounted to USD 720,000.

- The Surveillance Committee reports that pine export operations remain halted due to low prices in the Asian market. However, for the time being, the Trust's scheduled pulpwood sales have allowed overall sales levels to be maintained. Expectations regarding export activity remain low, and therefore the Trust's revenues could be affected by year-end.

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

	Actual for First Half of 2025	Budget for First Half of 2025	Variance
Domestic Wood Sales – Gross Revenues	2,036,693	1,185,133	72%
Export Wood Sales – Gross Revenues	4,154,044	2,396,923	73%
Other Income	233,647	925,184	-75%
TOTAL	**6,424,384**	**4,507,240**	**43%**

Source: Manager

- Production costs in the first half of 2025 were significantly above the budgeted amount for the period (by 36%), which may be attributed to the increased *Eucalyptus* thinning, higher transportation and additional road maintenance costs. During the first half of the year, approximately 129 hectares were harvested and about 1,000 hectares were thinned.

- Expenses during the period were slightly above the projections for the first half of the year (by 6%), while investments were 20% below the budgeted amount. The lower level of investment is attributable to a smaller planted area in the autumn: 664 hectares had been planned, but only 208 were planted. The projected area for the year—1,425 hectares—is expected to be completed in the spring.

Table 3. Actual Costs and Investments for the First Half of 2025 (USD)			
	Actual for First Half of 2025	Budget for First Half of 2025	Variance
Production Costs	4,997,711	3,685,004	36%
Management, Overhead, Fixed, and Financial Costs	2,602,506	2,444,317	6%
Investments, Establishment and Silvicultural Management	1,815,515	2,266,582	-20%
Total	**9,415,732**	**8,395,903**	**12%**

Source: Manager and Surveillance Committee

- EBITDA (gross revenues less production costs and general overhead) was negative, at USD -1.18 million. Part of this distortion in the first first-half results may be offset once the full year is completed, as some fixed costs are incurred during the first months of the year and temporarily affect the outcome.

- Investment activities generated additional outflows of USD 1.8 million, of which 51% were allocated to pruning and 49% to reforestation. These outflows, as well as the operating deficit, were financed through the available credit facilities.

- To finance future investments and obtain working-capital funding, the Trust secured a long-term loan (10 years) for USD 15 million, with disbursements made in both the first and second quarters. The unused portion of the loan was placed in temporary investments totaling USD 7.4 million in U.S. Treasury Bills (T-Bills).

- During the first half of the year, the Trust carried out monitoring of planting practices and survival rates for the plantations established in the spring of 2024, totaling 353 hectares. The resulting survival rate was 82%, meeting the minimum standard required. The next update of this standard will take place in the second half of the year with monitoring of the plantations established in the autumn of 2025 (208 hectares).

- As of June 2025, the area under grazing leases represented 56% of the total potential grazing area. There are approximately 20,000 hectares not available for grazing, part of which are occupied by operational activities such as harvesting, thinning, or young plantations.

3. Information Reviewed

The following information was reviewed for this update:

- EF Asset Management interim financial statements as of June 30, 2025
- The Trust's interim financial statements as of June 30, 2025
- Agro Empresa Forestal's balance sheet as of December 31, 2024, together with the audit report
- 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
- CARE's Credit Ratings of the Bosques del Uruguay I, II, and IV Financial Trusts and Their Subsequent Updates
- Relevant information from the forestry sector

II. THE TRUST AND THE PARTICIPATION CERTIFICATES

Participation Certificates of the *Fideicomiso Financiero Forestal Bosques del Uruguay III* Financial Trust, established under the relevant Financial Trust Agreement, were issued through a public offering. This agreement, the certificates and the other referenced contracts are analyzed in this section.

1. General description

Name:	Fideicomiso Financiero Forestal Bosques del Uruguay III
Trustee:	EF Asset Management Administradora de Fondos de Inversión S.A.
Manager:	Agro Empresa Forestal S.A.
Registrar and Paying Agent:	EF Asset Management Administradora de Fondos de Inversión S.A.
Representative Entity:	Bolsa Electrónica de Valores S.A.
Stock Exchange listing:	Bolsa Electrónica de Valores S.A.
Organizer:	EF Asset Management Administradora de Fondos de Inversión S.A.
Securities Issued:	Participation Certificates
Trust Assets:	The Trust invested in the development of a forestry estate, including the acquisition and/or leasing of rural properties and the establishment of forest plantations.
Currency:	U.S. Dollars
Issue Amount:	USD 190,000,000
Initial Offering Date:	December 6, 2016
Term of the Issue:	20 years. 30 years maximum.
Distributions:	Based on accumulated results, pursuant to the established procedure.
Risk Rating:	BBB+.uy

2. Legal Analysis

The legal analysis attempts to rule out any possible conflict arising, for example, from the legal structure, the relevant agreements, the compliance with current regulations, etc[4].

The legal analysis report has reviewed the objective and subjective contingencies of the agreements and concludes: ***"…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 defects in the legal structure due to non-compliance with applicable regulations, as well as from the possible enforcement of court rulings stemming from claims filed by parties who may have been adversely affected by the structure previously described. Based on the above-mentioned report—which essentially reiterates the conclusions reached for the prior Trusts I and II— and considering the passage of time without any legal disputes, CARE concludes that structural legal risk is *virtually nil.*

Liquidity Risk. The Certificates have been structured to be liquid, and liquidity is therefore considered adequate given the characteristics of the Uruguayan market. However, the process is not immediate and may take an indeterminate amount of time. *This risk is categorized as medium-low*.

[4]. See Anex I of the original rating, available at care@care.com.uy.

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 III was established on August 22, 2016, pursuant to its Trust Agreement. The Central Bank of Uruguay authorized its registration on November 16, 2016. On December 6, 2016, Participation Certificates amounting to USD 190 million were issued and listed on BEVSA. They were fully paid after a process that began on December 7, 2016, with the first issuance. The second and largest issuance, totaling USD 161 million, took place on February 13, 2017, while the final issuance was made on September 24, 2018.

The fiscal and accounting year ends on December 31. 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
Assets	**268,982**	**262,155**	**257,631**
Current Assets	14,556	8,513	10,098
Non-current Assets	254,426	253,642	247,533
Liabilities	**30,696**	**23,654**	**16,970**
Current Liabilities	5,908	11,003	5,801
Non-current Liabilities	24,788	12,651	11,169
Equity	**238,286**	**238,501**	**240,661**
Total Liabilities and Equity	**268,982**	**262,155**	**257,631**
Current Ratio	**2.46**	**0.77**	**1.74**

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

The new valuations of land and forest assets are to be performed at the next fiscal year-end; therefore, these items remain at their December 2024 values, except for physical variations. This matter is addressed in another section.

Financial liabilities amounted to USD 22.7 million as of June 2025. Although the loans have been amortized as scheduled, a new loan of USD

15 million was taken out during the reporting period, to be repaid in 36 equal and consecutive installments starting on May 15, 2032 (including a seven-year principal grace period). Interest payments will be made in 119 monthly installments beginning on June 15, 2025.

Book equity at the end of the period amounted to USD 238.3 million, a figure very similar to that reported at the close of the previous fiscal year and, in nominal terms, above the USD 190 million received from the issuance.

A summary of the income statement for the same period is presented below

Table 7. Income Statement of the Trust (thousands of USD)

Item	06/30/2025	06/30/2024	12/31/2024
Operating Revenue	6,424	8,989	21,889
Change in the Value of Biological Assets	-	-	(5,033)
Cost of Goods Sold	(5,719)	(8,529)	(22,452)
Gross Profit	**706**	**461**	**(5,596)**
Administrative and Selling Expenses	(3,093)	(2,832)	(5,129)
Financial Result	(1,269)	(42)	210
Other Income	-	-	-
Profit (Loss) before taxes Corporate Income Tax (IRAE)	**(3,656)**	**(2,413)**	**(10,514)**
Corporate Income Tax (IRAE)	3,441	79	(1,412)
Profit (Loss) for the period	**(215)**	**(2,334)**	**(11,926)**
Revaluation of Property, Plant and Equipment	-	-	11,160
Associated Deferred Tax (IRAE)	-	-	(1,394)
Total Comprehensive Income for the period	**(215)**	**(2,334)**	**(2,160)**

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

Operating revenues from sales are almost entirely attributable to wood sales. It should be noted once again that these results do not reflect any potential changes in the value of the main assets, as the annual valuations have not yet been performed.

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, CARE considers that the risk of non-compliance 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 Forest Manager: This risk is duly provided for in the Agreement depending on different outcomes, circumstances and the potential vacancy of the current AF President, Mr. Francisco Bonino, Engineer. This risk is considered *very low*.

IV. UNDERLYING ASSET AND PROJECTED CASH FLOW

Investments were made in the acquisition of rural properties to develop forestry activities, in accordance with the terms and conditions outlined in the Agreement. The Trustee invested in those Properties specifically recommended by the Manager, pursuant to the Business Plan and following the procedures provided in the Agreement.

1. Evaluation of Investment Profitability and Internal Rate of Return

The Project outlined in the Prospectus estimated an Internal Rate of Return (IRR) of 9.19% for the investor. Subsequently, the Manager made adjustments to the projected cash flow. The most recent update, prepared in March 2025, includes actual data as of December 2024 and projections until the termination of the Trust in 2036.

A series of possible scenarios were presented, assuming different evolutions in wood prices, production costs, and land prices from 2025 through the termination of the Trust. 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[5]. No real price increases are projected for wood, whether for pulpwood or for solid 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. Prices and costs are based on current levels. The final value of the forest assets is calculated as the net present value of a 20-year stream of future revenues, discounted at a rate of 8.5%, a rate higher than that used in the valuation (7.5%) and also higher than the opportunity cost estimated by CARE for this update (5.8%), which reflects a conservative assumption.

Investment returns are projected based on the updated cash flow, which is expected to begin in 2025 and end with the termination of the Trust in 2036.

Based on this projection, the IRR for the entire term of the Trust is estimated at 6.4%, 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.

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

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% growth.	
Costs adjust by U.S. and Uruguayan inflation, and land values	
increase by 1.5%.	6.2%
2 Wood prices adjust by U.S. inflation. Costs adjust by U.S. and Uruguayan	
inflation, and land values increase by 1.5%.	6.1%
3 Same as Scenario 2, but land prices increase by 3%.	6.4%
4 Both wood and land prices increase by 1.5%.	4.9%
5 Land prices increase by 1.5%.	4.8%
6 All factors remain constant	4.4%

Source: Manager

The projected IRRs under the different scenarios show little variation.

Scenario 3 aligns with the criteria used by CARE for preparing projections. It assumes that wood prices will increase in line with U.S. inflation, effectively remaining stable in real terms. According to the World Bank's most recent projections through 2035, annual growth was expected to range between 1.1% and 1.5%, depending on the source region (see Section V). Regarding land, an annual increase of 3% is considered reasonable, and is the standard assumption typically used by the rating agency in its projections.

Scenario 6 represents the real IRR scenario, under which wood and land prices, as well as production costs, are assumed to remain constant in nominal terms throughout the entire period. In this case, the IRR would stand at 4.2% in real terms.

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 reference rate for discounting projected cash flows.

CARE estimates the opportunity cost of capital using the Capital Asset Pricing Model (CAPM)[6]. 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.

To account for systemic risk, the average "beta"[7] 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

[6]. 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.

[7]. This value is provided by Damodaran.

risk-free rate, the yield on 10-year U.S. Treasury Bonds (3.15%) is used. Country risk (UBI index) is incorporated at 96 basis points[8], and the equity market risk premium is set at 4.51%.

When applying these values, the expected rate of return on equity is estimated at 5.87%. This figure is lower than the IRR estimated for the scenario that follows CARE's criteria (6.4%), indicating that the investment would yield a return above the equity opportunity cost.

In the current context, the risk-free rate is higher than the five-year average. However, the country risk is lower than it was over the period under review. Therefore, applying current market values would result in a lower equity opportunity cost (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]. Currently, the 10-year U.S. dollar yield curve [CUD, for its acronym in Spanish] stands at 4.77%. The IRR estimated under Scenario 3 also exceeds the value of the dollar yield curve. It should be noted that the CUD reflects sovereign risk only.

Considering these parameters, the project's return for the investor remains above the estimated opportunity costs.

While these comparisons should not be interpreted in a strict sense, they serve as reference points that, among others, help form a judgment about the original investment in light of the current context.

3. Compliance with Minimum Project Standards

The characteristics of the project make the economic results sensitive to the actions carried out by the Manager: land acquisition, forest establishment and tending, species reconversion, operating costs, harvesting and sale, etc. For this reason, the Trust Agreement set out minimum performance standards for the Manager.

In this regard, the Surveillance Committee reported that the minimum requirements have been satisfactorily met:

- Land acquisition: fulfilled from the beginning of the project.
- Plantable Area: The Trust has 2,220 hectares available for planting, of which 1,425 are planned for planting in 2025 (208 already planted in the autumn), 180 are in the process of confirming regrowth, and the remaining area is scheduled to be planted in 2026. Met.
- Planting practices and survival rates: The survival rate of the plantations established in the spring of 2024 was 82%. Met.

[8]. It is the 5-year average, currently the country risk is around 65 basis points.

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

- Budget Compliance: The planting, pruning, thinning, clearfell harvesting, and budgeted expense categories must show deviations of less than 25% from the budget submitted to the Surveillance Committee. In 2025, deviations greater than 25% were recorded in operating costs; however, these were duly explained.

- Average Annual Increment (MAI) of the plantations: The MAI recorded during the latest measurement (September 2024) reasonably meets the expected values.

Overall, there is generally a good level of compliance with the performance commitments.

Table 9. Project Compliance

Indicator	Prospectus	Executed
Land Price (USD/ha) as of 2024	3,428	3,311
Forest Utilization Rate (%)	60%-65%	61%
Total Area	47,281	45,229
Planted Area (current)	31,300	27,377
36% of the area is planted with pine		

Source: Surveillance Committee

(*) In the Prospectus, it was projected a 3% nominal annual increase in land prices; however, this has not occurred yet. As presented in Section V, after a very significant adjustment in prices between 2004 and 2014, values fell and deviated from the historical trend of growth until 2020. Since 2021, land prices appear to have resumed their growth trend.

The main deviations identified in relation to the original project concern the increase in production costs and in administrative and selling expenses. These differences are mainly attributable to a macroeconomic evolution (inflation and exchange rate) that differed from what had been projected, as well as by the increase in input prices.

4. 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.

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.

5. Results from Permanent Sample Plots

Permanent sample plots were established on the Trust's forests and distributed among different farms. Pine plantations will remain stable, and *Eucalyptus* plantations (for pulp or sawmill) will increase. The objective of the permanent sample plots is to measure two key tree growth parameters, height and diameter, crucial for estimating production.

The growth results from the permanent sample plot measurements are as follows (updated as of 2024):

(1) *E. grandis*: This is the target species of the Business Plan, intended to be maximized in planted areas. Its timber is used to produce knot-free solid wood, and pulp as a by-product. The first plantations are now 6 years old and are performing between the minimum and most likely growth curves. In

younger stands, actual performance is consistent with the projections outlined in the Prospectus.

(2) *E. dunnii*: This species is grown exclusively for pulp production (100%) and is planted in areas unsuitable for *E. grandis*. The oldest *E. dunnii* trees were acquired as standing timber and have already been harvested. Those planted by the Trust are now 6 years old, and their development is consistent with the projections outlined in the Prospectus, placing them above the maximum expected growth curve.

(3) *Pinus taeda*: This species is grown for solid wood production and was also acquired as standing timber. Its total volume has consistently remained above the projected maximum expected curve, while commercial volume has exceeded the minimum curve from age 13 onward. This occurs due to the lack of market for logs with a small-end diameter of less than 20 cm, which has delayed thinning operations. As a result, the volume reduction caused by thinning will take place at 15 years of age instead of 13, as originally projected in the Prospectus growth curves.

6. 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 87.7 million for the forest plantations, representing a 4.7% decrease compared to the previous year.

Regarding the land, its appraised value was USD 149.7 million, which results in an average of USD 3,310 per hectare, and reflecting an 8% increase compared to 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 10. Evolution of Land and Forest Plantation Valuation

Year	In millions of USD
2016	150.8
2017	168.4
2018	179.0
2019	145.7
2020	115.0
2021	194.6
2022	214.5
2023	230.6
2024	237.4
Annual Growth Rate (2016–2024)	5.8%

Source: CARE, based on valuation reports

Note: Carbon credits and grazing lease income were not included in the valuation.

The trend shows a steady increase in total assets, considering both plantations and the land.

The 2024 valuation estimated the total value of the Trust's assets as of December 31, 2024, at USD 237.4 million, representing a 2.9% increase compared to the previous year. The overall trend shows sustained growth in asset value, with a compound annual growth rate (CAGR) of 5.8% over the entire period, primarily driven by the growth of forest plantations.

The table below shows the results of the 2024 valuation, broken down by component, and compares them with previous years. The increase in total value is attributable to the revaluation of land, as the value of the forest assets was adjusted downward.

Table 11. Valuation by Component (in USD millions)

	2022	2023	2024	Variation
Wood production	80.76	92.01	87.70	-4.7%
Grazing	3.02	3.13	-	-
Land value	133.72	138.56	149.70	8.0%
Total	**217.50**	**233.70**	**237.40**	**1.6%**
Carbon credits	27.60	25.93	22.50	-13.2%

Source: CARE, based on the 2022–2024 valuations

Note: In 2024, the appraisal firm estimated that carbon credits could be worth USD 22.5 million; however, based on its methodology, it determined that this value should not be included in the valuation.

Although these values do not account for the potential future value of carbon, the appraiser reports that it could amount to USD 22.5 million. The discount rate applied to carbon revenues is the same as that used for forest assets.

The appraisals of forest plantations represent a snapshot of the existing forest assets as of December 31. Therefore, compared to the previous year's valuation, they reflect factors such as biological growth of the trees, changes in the number of hectares, adjustments in wood prices, and production costs. In certain years, such as the current one, variations may also arise due to changes in valuation criteria.

7. Risks considered

Cash Flow Generation Risk. Considering the management, biological and physical variables, as well as the economic and financial variables included in the sensitivity analysis; CARE concluded that *the cash flow generation risk is medium-low.*

Risk of Currency Mismatch. The most relevant income and expenses are projected in the same currency; therefore, this risk is considered *virtually nil.*

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 78% of the projected investment returns.

In the case of this project, the price of high-quality *Eucalyptus* and pine timber will have the most significant impact on the final outcome. As mentioned above, the Business Plan provides the replacement of pine trees with *Eucalyptus* species managed for quality timber production. While the long-term objective is to produce solid wood from *Eucalyptus*, the acquired forest estate initially had slightly over 50% of its area planted with pine. A portion of these pine stands has been commercialized over the initial years; however, 36% of the area remains planted with pine. Finally, as in all forestry projects, some areas are specifically planted for pulp production, while thinning operations and commercial residues from high-quality forests are also used for this purpose.

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.

[10]. FAO 2022 Latest available report.

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 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.

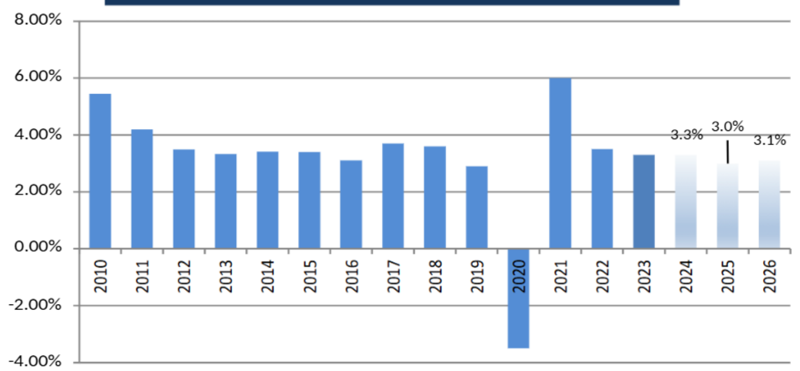
For this rating update, CARE reviewed key information about the forestry industry, confirming that there would be no major deviations from the expected trajectory in the future.

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

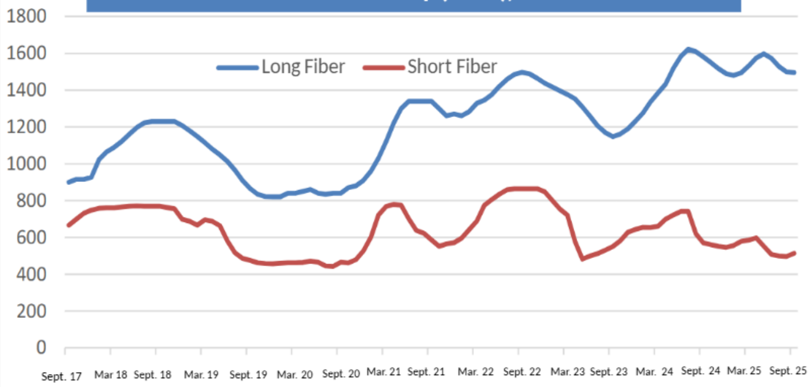
Historical Price Trends

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

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

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

[13]. FOB export value / exported tons.

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 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.

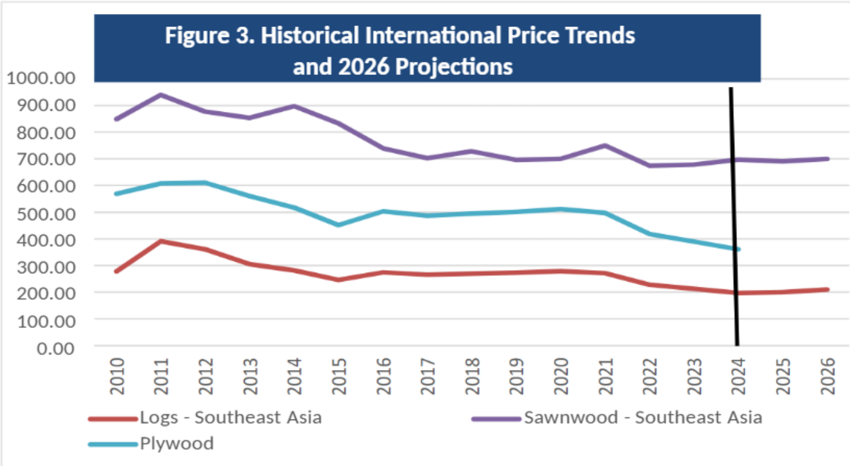
No information is currently available to project the long-term outlook for international pulp prices. Over the past 10 years, the annual growth rate of international price of long-fiber pulp (NBSK) has been 3.6%. However, this figure is only indicative and does not ensure that future trends will follow 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 addition, New Zealand and Australia are redirecting their pine production to India, as China—their main market—has significantly reduced its demand. 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.

[14]. World Bank Commodities Price Forecast. In subsequent reports, price projections are provided only for 2024 and 2025.

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.

Table 12. 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.

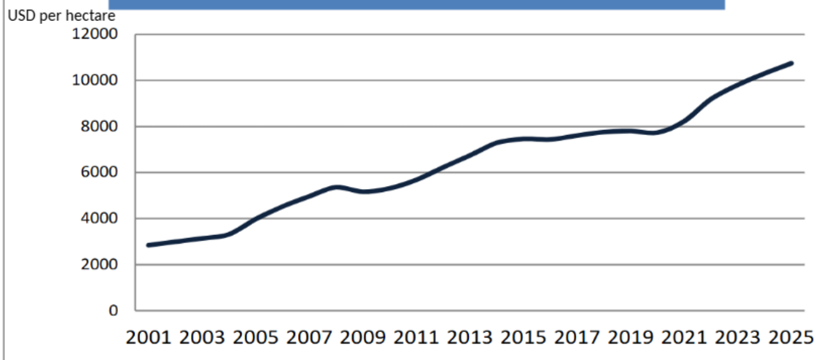
In the 21st century, the price of land in the United States has followed a continuous upward trend, with some exceptions (2009 and 2015) when minimal reductions were verified. However, these exceptions did not change this trend. The price of land in the United States only declined in the early 1980s 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.



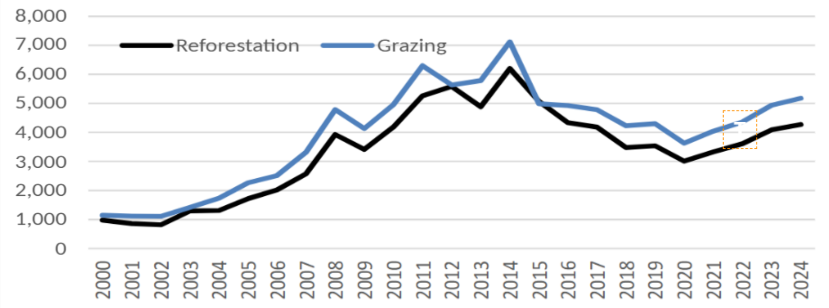
Source: USDA Land Prices (August 2024)

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.

Figure 5. Land Prices in Brazil by Land Use in São Paulo (USD/ha)



Source: São Paulo Institute of Agricultural Economics

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

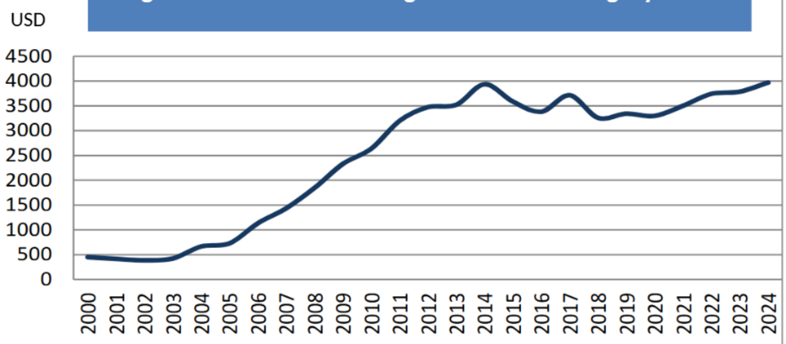
[16]. The Rural Real Estate Market Activity Index (InCAIR) is a monthly indicator that reflects level of activity in the rural real estate market. The index uses 100 points as its maximum benchmark, corresponding to the highest level of activity ever recorded. It does not track prices or values—only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

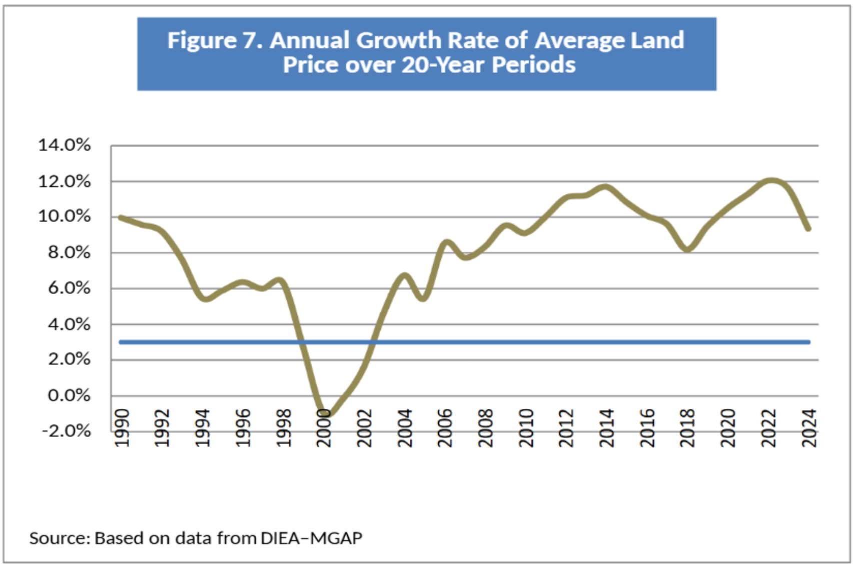
The appreciation of land prices is a relatively significant component of the Trust's final income (20%). As such, its performance will have a substantial impact on the overall return on investment. The latest update to the financial model assumes a cumulative annual appreciation of 3% from 2025 until the termination of the Trust. 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 (7.3%), 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.



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[18], with an additional modest component driven by improvements in land productivity, resulting in annual growth rates of approximately 2% 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.

[18]. It is estimated at approximately 2%. Although it is currently still above that level, it is reasonably expected to return to its historical values.

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.

Despite these statements, no changes to the current regulations have been proposed or enacted to date.

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

VI. RISK RATING

The rating opinion is developed through the assignment of weights and scores to the risks comprising each risk area (securities, trustee, manager, underlying assets, cash flow, and the operating environment). These elements are organized into a matrix where the indicators of each factor within each risk area are evaluated and scored by the Rating Committee. The resulting aggregate score corresponds to a rating grade as defined in the rating manual. In the rating matrix, each area is broken down into factors, and each factor into specific indicators.

Based on the analysis of the main risks identified in each section, and considering the various legal, qualitative, and quantitative approaches presented by the Structurer and CARE's own assessment and the publicly available information, CARE's Rating Committee concludes that the securities are rated BBB+.uy[19] *in the scale defined by our methodology. This is an investment-grade rating.*

Rating Committee

Julio Preve, Engineer

Martín Durán Martínez, CA

Adrián Tambler, Agr. Eng.

[19]. ***BBB+.uy.*** This rating applies to instruments issued by companies or entities that present a medium-low investment risk. Their ability to meet principal and interest payments on the agreed terms and schedule is considered appropriate. The instrument itself, the issuer's condition, the quality of the underlying project, and the external environment collectively provide a moderate level of comfort in the analysis conducted—although some weakness may exist in any of the four areas of risk (instrument, project, issuer, or environment).

The risk associated with the instrument may increase in the event of foreseeable changes in the structure of the project, the issuing entity, the economic sector to which it belongs, or the broader economy. The likelihood of such unfavorable changes in the external environment is considered low to medium-low, and generally consistent with the issuer's ability to manage them—though it implies slightly more risk than higher-rated categories.

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