CARE

RISK RATING AGENCY

RISK RATING UPDATE FOR THE PARTICIPATION CERTIFICATES OF THE *FIDEICOMISO FINANCIERO FORESTAL BOSQUES DEL URUGUAY 4* FORESTRY FINANCIAL TRUST

Montevideo, October 2025

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Public Offering Rating Update

October 15, 2025

Name:	Fideicomiso Financiero Forestal Bosques del Uruguay 4
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 330,000,000
Initial Offering Date:	April 10, 2019
Distributions:	Whenever there are Net Distributable Funds according to the results and after the third year, as provided by the established procedure.
Trust Assets:	Land and forest plantations
Term:	Maximum 30 years
Validity of the Rating:	April 30, 2026
Risk Rating:	BBB+.uy[1]
Rating Committee:	Julio Preve, Martín Durán Martínez and Adrián Tambler
Manual used:	*Manual de Calificación de Finanzas Estructuradas Administradas por Terceros* [Third Party Managed Structured Finance Rating Manual][2]

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

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

GENERAL OVERVIEW

CARE has updated the rating of the Participation Certificates of the Fideicomiso Financiero Forestal Bosques del Uruguay 4 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.

- 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 9.1%, under the scenario aligned with the rating agency's long-term view of the business. This figure is slightly below the 2024 estimate of 9.5%.

- This project shares its core structure with three other initiatives involving the same business model and stakeholders, all of which have been reasonably complying with their business plans. All of the trusts have been assigned investment-grade ratings and are rated by CARE. The deviations observed have been duly justified by the Manager and the Surveillance Committee and are attributable to temporary market conditions. In principle, they do not appear to affect the project's execution.

- A business consisting of the acquisition of 55,365 hectares of forest land, of which approximately 34,000 hectares were planted as of the end of the first half of 2025, and the lease of 6,030 hectares, of which 3,600 hectares are planted. The total forested area, including both owned and leased land, amounts to approximately 38,000 hectares.

- A landholding with an ongoing forestry operation was acquired, which significantly mitigated acquisition and planting risks. The Business Plan calls for the reconversion of a substantial portion of the area previously planted with pine into *Eucalyptus* to produce high-quality timber.

- 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.

- The alignment of incentives between the Trust and the Manager is noteworthy, as the latter has acquired Participation Certificates in the Trusts. As of December 2024, the Manager holds Participation Certificates amounting to approximately USD 14 million.

- In the first half of 2025, approximately 237 hectares were harvested (clearfell operations), representing a 0.4% reduction in the forest assets. In addition, commercial thinning operations were carried out on around 2,000 hectares of *Eucalyptus*. Total gross revenues from the sale of roundwood and veneers reached USD 21.3 million, 19% below the amount projected for the period. Of total wood revenues, 53% came from domestic sales (90% pulpwood and 10% sawmills), while 47% came from exports (65% *Eucalyptus* logs, 12% pine logs, and 14% veneers).

- Both domestic and export markets were highly depressed during the first half of the year, largely as a result of the trade policy imposed by the United States, which created uncertainty among the main importing countries. Export transactions for pine performed very poorly, and for this reason, pine harvesting and exports were halted toward the end of the first quarter, pending a recovery in market conditions, which could materialize in the second half of the year.

- In the autumn of 2025, approximately 200 hectares were replanted, whereas around 500 hectares had been scheduled for reforestation during that period. Nevertheless, it is expected that the planned area will be completed in the spring of 2025. Likewise, the areas pruned were also below planned level, resulting in investment expenditures for the first half of the year being 25% below the budget for the period.

- In the first half of 2025, production costs were below budget (-12%), while expenses were slightly above budget (+5%). The lower operating costs are attributable to the reduced harvesting activity, despite a higher unit freight cost resulting from longer distances to storage facilities. The overall financial result was lower than expected for the period, largely due to the very challenging market conditions for pine—characterized by extremely tight margins—and the low sales volumes at the Olimar Mill, particularly during the first quarter.

- As of the first half of 2025, the Olimar Mill continues to show negative results. However, several production indicators improved during the second quarter, and sales volumes increased. If this trend continues, and to the extent that the market for high-value veneer can be further developed, results would be expected to improve substantially, which will allow the industrial plant to achieve positive margins.

- As of December 2024, the annual valuation of the Trust's land and forest plantations estimated a total value of USD 542.8 million, comprising USD 176.5 million for land and USD 366.3 million for forest plantations. The book equity according to the Trust's financial statements as of June 30, 2025, amounted to USD 550 million, a figure well above the USD 330 million received from the issuance, in nominal terms.

- 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 4* Financial Trust.

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. In addition, when deemed necessary, CARE regularly commissions supplementary field reports and conducts site visits to the farms.

Beyond standard updates, the rating may change due to new relevant events. The semiannual progress of the Business Plan outlined in the Prospectus will be considered a material development.

2. General Background and Key Events of the Period

A. General Background

The *Fideicomiso Financiero Forestal Bosques del Uruguay 4* 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 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 III* issued Participation Certificates in August 2011, October 2014, and December 2016, for USD 50 million, USD 70 million, and USD 190 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.

The development of this forest project begins with the acquisition of land and forests, continues with the silvicultural management of trees, and finishes with the harvesting and sale of wood, either for pulp production or sawmill industry.

The maximum duration of the Trust is 30 years, or until the Participation Certificates issued by the Trustee are fully paid and all other obligations under the Agreement are met. However, given the scope of this project and the current age of the acquired asset, its estimated duration is approximately 20 years.

The *Fideicomiso Financiero Forestal Bosques del Uruguay 4* Forestry Trust was established on December 17, 2018, through the execution of the corresponding Trust Agreement entered into by and between EF ASSET MANAGEMENT Administradora de Fondos de Inversión S.A., acting as Trustee, Agroempresa Forestal S.A., acting as Manager, and the Initial Subscribers of the Securities, acting as Trustors.

The proceeds from the issuance were allocated to acquire a forest estate that was already planted and fully operational. A total of 55,365 hectares were acquired, divided into two blocks: the North (Terena) covering 18,802 hectares, and the Northeast (Guanare) covering 36,563 hectares. The farms of the Northeast Block are located in the departments of Cerro Largo and Treinta y Tres, while those in the North Block are in the departments of Tacuarembó and Rivera.

The area planted on freehold land as of June 2025 amounts to approximately 34,000 hectares, of which around one-third remains planted with pine. The Trust also leases 6,030 hectares, of which around 3,600 are planted. The leased properties are located in the departments of Cerro Largo, Treinta y Tres, Tacuarembó, Rivera, and Durazno.

At the end of the project, the total estimated sales revenue will be 51% from wood, 33% from standing timber, and 15% from land sales when the project is completed. Revenue from grazing leases is expected to be marginal. These projections were calculated by discounting expected cash flows at a 6% rate.

The Business Plan provides that, as pine forests are clearfell, the harvested areas will be replanted with *Eucalyptus* species to produce knot-free sawn timber. In the less productive areas, *Eucalyptus* species will be planted for pulp production.

On August 28, 2019, the Trust took possession of the acquired properties, and the Manager started operations.

The Trust holds FSC® (Forest Stewardship Council) certification on 91% of its hectares.

To meet cash shortfalls arising from harvesting expenses and export process, the Trust has obtained short-term credit facilities from local private banks (pre-export finance), which have been renewed on several occasions. It has also taken on 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.

In January 2022, the Trust Agreement was amended to include the execution of "Industrial Projects" in the Business Plan, which would allow investors to receive a higher return.

On June 16, 2022, a meeting of the Beneficiaries was held, which unanimously approved the anticipated sale of a 139-hectare property located in Route 27, 3 km away from the city of Rivera. This farm, which is very close to the city of Rivera, would be very difficult to replant because of the risk of fire in its proximity to the surrounding populated areas.

This meeting of Beneficiaries also approved by an absolute majority the execution of the Olimar Project, financed by a long-term loan (10 years), which has already been granted.

On July 7, 2023, a meeting of the Holders of the Participation Certificates was held, at which the Manager presented an update on the status of the Olimar Project and the projected investment costs of the industrial plant. The meeting approved the cost projections presented by the Manager.

On December 12, 2023, another meeting of the Holders of the Participation Certificates was held, at which amendments to the Trust Agreement were approved to modify the adjustment parameter for the Manager's fee.

The construction of the Olimar Mill was completed in the fourth quarter of 2023 and inaugurated in March 2024. The final investment cost amounted to USD 6.98 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.

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 542.8 million, consisting of USD 176.5 million for land and USD 366.3 million for forest plantations[3]. Land values increased by 10.5% and forest plantations by 5.2%, resulting in a net positive revaluation of assets of 7.9%.

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 53.6 million were projected, with 65% coming from domestic wood sales (pulp and sawmills), 34% from export wood sales, and the remainder from grazing rental income. After deducting operating costs and expenses, the Trust would generate a positive net operating cash flow of about USD 15 million. Finally, investments of approximately USD 2.4 million are projected.

[3]. On that occasion, a new appraisal firm (INDUFOR) was engaged, which does consider grazing rental income.

Table 1. Projected Operating Budget 2025 (USD)	
	Budget
Domestic Wood Sales – Gross Revenues	34,832,070
Export Wood Sales – Gross Revenues	18,441,545
Other Income	280,000
Total Revenues	**53,553,615**
Operating Costs	-30,336,485
Expenses	-7,990,512
Net Operating Cash Flow	**15,226,618**
Investments	-2,420,468
Operating and Investment Cash Flow	**12,806,150**

Source: Manager

- The international market shows signs of uncertainty in the short and medium term due to the trade tariffs imposed by the United States and the volatility of freight prices. In this context, the projections prepared toward the end of 2024—which were reasonable at the time—now appear difficult to achieve. The Manager estimates that, for the whole year, the volume to be marketed will likely be around 18% below the budgeted level, as a result of weaker demand in the export market.

- In the first half of 2025, the Trust recorded total gross revenues of approximately USD 21.5 million, 15% lower than in the same period of the previous year and 19% below the projections for the period. Of the total revenues, 52% came from domestic wood sales (pulp and sawmills), 47% from export wood sales, and 1% from grazing leases.

- Of the total volume of wood sold during the period, 86% corresponded to commercial thinning operations and 14% to clearfell (final harvest). The cost of wood sold is attributable solely to clearfell sales, which represents a reduction of approximately 0.4% in the forest assets.

- Of domestic sales, 90% corresponded to *Eucalyptus* wood sold to pulp mills, while the remaining 10% consisted of pine and *Eucalyptus* logs sold to local sawmills. Export sales were composed of 65% *Eucalyptus* logs, 21% pine logs, and 14% veneers. Pine sales declined sharply compared to the same period of the previous year (-67%), whereas veneer sales began to grow gradually, particularly from the second quarter onward.

- The low pine prices in India have resulted in very narrow gross margins, leading to the decision—toward the end of the first

[3]. On that occasion, a new appraisal firm (INDUFOR) was engaged. This appraiser does consider grazing rental income.

quarter—to suspend harvesting and exports of that product until market conditions improve, which could occur around the middle of the second half of the year. In contrast, the export market for high-quality *Eucalyptus* is showing sustained demand and better prices, particularly from China.

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	11,270,243	16,870,269	-33%
Export Wood Sales – Gross Revenues	10,009,506	9,499,721	5%
Grazing rental Income	205,482	280,000	-27%
TOTAL	**21,485,231**	**26,649,990**	**-19%**

Source: Manager

- Production costs in the first half of 2025 were 12% below the budgeted amount for the period, which may be attributed to the lower wood production (pine harvesting). During the first half of the year, approximately 237 hectares were harvested and around 2,000 hectares were thinned.

- Expenses for the period were above the projected level, as many fixed costs are often incurred during the first quarter and then tend to normalize over the course of the year.

- Capital investments were 24% below the budgeted amount, largely due to a smaller planted area in the autumn: 492 hectares had been planned, but only 200 were planted. The projected area is expected to be completed in the spring. In addition, fewer hectares were pruned than originally planned—representing only 23% of the area established in the plan for the period.

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	15,512,166	17,706,778	-12%
Management, Overhead, Fixed, and Financial Costs	4,861,469	3,928,512	24%
Investments, Establishment and Silvicultural Management	1,281,490	1,690,212	-24%
Total	**21,655,125**	**23,325,502**	**-7%**

Source: Manager

- EBITDA (gross revenues less production costs and general overhead) amounted to only USD 1.1 million. When the cost of wood sold is deducted (reflecting the reduction in forest area), the margin becomes negative. This outcome is attributable to the fixed costs incurred at the beginning of the year, as well as to the impact of the Olimar Mill, which has not yet generated a sales volume sufficient to cover its costs.

- The Olimar Mill continues to operate below its potential, although it has shown some improvements since the second quarter of the year. Wood consumption has increased, the conversion rate from processed wood to dried veneer has improved, and exports have risen. Since the mill began operating, 65% of its output has been sold. However, production has exceeded sales in every quarter, leading to a growing stock of product awaiting commercialization. Part of this stock consists of early production batches of lower quality and lower market value.

- The Olimar Mill's results remain below the projected budget, and it continues to generate losses. However, improvements in several production indicators suggest that, if this trend continues, its results should improve and positive margins could be achieved. The key factor will be the development of a market for high-value veneer.

- During the reporting period, the Trust made scheduled payments on its long-term loan and used pre-export financing and short-term credit facilities for operating activities. At the end of the first half of the year, the level of indebtedness remained at approximately 5% of equity.

3. Information Reviewed

The following information was reviewed for this update:

- Agro Empresa Forestal's balance sheet as of December 31, 2024, together with the audit report
- The Trustee's interim financial statements as of June 30, 2025
- The Trust's interim financial statements as of June 30, 2025
- Quarterly reports issued by the Manager, the most recent dated June 30, 2025
- Quarterly reports issued by the Surveillance Committee, the most recent dated June 2025
- CARE's Credit Ratings of the Bosques del Uruguay I, II, and III 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 IV* 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 4
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:	Agro Empresa Forestal S.A.
Securities Issued:	Participation Certificates
Trust Assets:	The Trust invested in the acquisition and leasing of rural properties for the development of forestry operations.
Currency:	U.S. Dollars
Issue Amount:	USD 330,000,000
Initial Offering Date:	December 6, 2016
Distributions:	Whenever Distributable Net Funds are available after each fiscal year-end, upon the sale of Trust Assets, or as part of the final distribution of Remaining Net Funds. (During years 0 through 2, no distributions will be made—even if such funds exist—as they will be allocated to financing the Business Plan.)
Risk Rating:	BBB+.uy

2. Legal Analysis

The legal analysis is included in Annex I (Legal Report of the *Fideicomiso Financiero Forestal Bosques del Uruguay 4* Financial Trust). It ruled out any possible conflict arising from, for example, the legal structure, the relevant agreements, the compliance with current regulations, etc.

At the beginning of the report, the introduction states that *"after comparing all these documents, it is concluded that the legal and regulatory provisions for financial trusts are complied with, both in terms of its formal constitution and aspects related to its capacity and recognition of the parties. As for the substance, there are no legal obstacles that prevent or jeopardize the expected yield from the Participation Certificates to be issued."*

This report concludes: ***"…To conclude, 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, II and III— 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 Agreement was made and entered into on December 17, 2018, by and between EFAM (Trustee) and AF (Manager). On March 18, 2019, the Central Bank of Uruguay authorized the Trust registration in the Stock Market Registry and the subsequent issue of the Participation Certificates amounting to USD 330 million.

Therefore, Participation Certificates were issued for USD 330 million and fully paid in three successive issues made between April 11 and August 26, 2019, thus complying with the start of the forestry Business Plan described in another section of this report.

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)

Item	06/30/2025	12/31/2024	12/31/2023
Current Assets	25,986	21,212	17,629
Non-current Assets	566,290	569,241	526,001
Total Assets	**592,276**	**590,453**	**543,631**
Current Liabilities	26,473	24,091	24,340
Non-current Liabilities	15,874	15,448	11,580
Total Liabilities	**42,347**	**39,539**	**35,919**
Equity	**549,929**	**550,915**	**507,711**
Total Liabilities and Equity	**592,276**	**590,454**	**543,631**
Current Ratio	**0.98**	**0.88**	**0.72**

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

It should be noted that the Olimar Mill is included in non-current assets under property, plant, and equipment, with a net carrying amount of approximately USD 6.4 million. The mill became operational on July 31, 2024.

As is customary in an interim closing, no new valuations of the main assets (land and forest plantations) are performed; therefore, their values remain those of the prior fiscal year-end, except for physical changes. This element is addressed in another section of this report.

As shown in the table above, the book equity as of June 30, 2025, amounted to USD 550 million, slightly below the level recorded six months earlier but well above, in nominal terms, the USD 330 million originally received from the issuance.

Considering financial liabilities, the Trust entered into six new credit facilities totaling USD 8.6 million during the first half of the year, in addition to the existing loans. The outstanding balance as of the end of the period amounted to USD 27.8 million, most of which (USD 18.7 million) corresponds to short-term debt.

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

Item	06/30/2025	06/30/2024	12/31/2024
Operating Revenue	21,485	25,230	50,959
Change in the Value of Biological Assets	-	-	38,548
Cost of Goods Sold	(18,153)	(20,730)	(43,101)
Gross Profit	**3,332**	**4,500**	**46,406**
Administrative and Selling Expenses	(4,661)	(4,117)	(9,054)
Financial Result	(1,655)	(595)	(834)
Other Income	-	-	-
Profit (Loss) before taxes Corporate Income Tax (IRAE)	**(2,983)**	**(212)**	**36,518**
Corporate Income Tax (IRAE)	1,997	265	(1,660)
Profit (Loss) for the period	**(986)**	**53**	**34,857**
Revaluation of Property, Plant and Equipment	-	-	8,700
Associated Deferred Income Tax	-	-	(353)
Comprehensive income for the period	**(986)**	**53**	**43,204**

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

The operating revenues recorded during the period, as shown in the preceding table, derive almost entirely from wood sales (USD 20.1 million). The remainder consists mainly of sales from the Olimar Mill, totaling USD 1.1 million, along with other items of minor significance. In the case of the mill, the accounting cost of its sales exceeds the related revenues. These matters, as well as the Trust's business operations, are discussed in more detail in another section.

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 low. Furthermore, their replacement is provided for should deviations be identified that justify such action. *Low risk.*

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

Risk of Change in Trustee: This risk is duly provided for in the relevant cases, which leaves this possibility to investors properly represented.

Risk of Change in Forest Manager: This risk is duly provided for in the Agreement depending on different outcomes and circumstances.

IV. UNDERLYING ASSET AND PROJECTED CASH FLOW

1. Trust Assets and Project Overview

Investments were made in the acquisition of a forestry enterprise under the terms and conditions set forth in the Trust Agreement, which then became part of the Trust Estate and enabled the development of forestry operations in accordance with the Business Plan.

The forestry enterprise was already established; therefore, over an estimated 20-year period, the plantations will be managed through harvesting, wood sales, and the replanting of harvested areas with *Eucalyptus*. At the end of the project, the land and the standing timber will be sold.

2. Evaluation of Investment Profitability, Internal Rate of Return, Associated Risks, and Sensitivity Analysis

In the original prospectus, the base case scenario presented an Internal Rate of Return (IRR) of 7.7% for the investor. Subsequently, the Manager made adjustments to the projected cash flow, resulting in higher IRR values. The most recent update of the financial cash flow was prepared using actual data as of December 2024 and includes projections for the 2025–2039 period.

A series of possible scenarios were presented, assuming different evolutions in wood prices, production costs, and land prices from 2025 until the termination of the Trust in 2039. Among the scenarios presented, the one that meets CARE's criteria for reasonably conservative projections is as follows:

- **Product prices** are assumed to adjust in line with U.S. inflation, estimated at 2.1% per year[4]. No real increases in wood prices are projected, neither for pulpwood nor 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 based on the WACC (5.9%), which reflects a conservative assumption.

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

The investor's returns on the Participation Certificates are those projected in the updated cash flow, which is expected to begin in 2025 and conclude with the liquidation of the Trust in 2039.

Based on this projection, the IRR for the entire term of the Trust, under the scenario that applies the Rating Agency's criteria, would be 9.1%, slightly lower than the 9.5% estimated a year earlier. This IRR is calculated under the assumption that the investor acquired the Participation Certificates in year 0 and at par value.

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%.	9.0%
2 Wood prices adjust by U.S. inflation. Costs adjust by U.S. and Uruguayan	
inflation, and land values increase by 1.5%.	8.9%
3 Same as Scenario 2, but land prices increase by 3%.	9.1%
4 Both wood and land prices increase by 1.5%.	7.8%
5 Land prices increase by 1.5%.	7.7%
6 All factors remain constant	7.4%

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. 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 7.4% in real terms.

3. 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)[5]. This model considers the risk-free rate, the market risk premium, and the risk premium assigned to the specific

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

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”[6] of forest production companies in emerging markets is used, which stands at 1.13. This figure indicates that investments in the forest sector entail a higher risk and variability than the average of all the activities in that market. For the risk-free rate, the yield on 10-year U.S. Treasury Bonds (3.15%) is used. Country risk (UBI index) is incorporated at 96 basis points[7], 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 (9.1%), 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[8]. As of October 2025, the 10-year U.S. dollar yield curve [CUD, for its acronym in Spanish] stands at 4.77%. In this case, the IRR estimated under Scenario 3 also exceeds the value of the dollar yield curve. It should be noted that the CUD reflects only sovereign risk.

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.

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;

[6]. This value is provided by Damodaran.

[7]. This figure reflects the five-year average; as of October 2025, it stands at around 65 basis points.

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

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. 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. Two valuations were submitted. Pike & Co and Consur UIT carried out the land valuation without considering the value of the forest plantations, while Indufor performed the valuation of the forest plantations, using the land value estimated and defined by the former.

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 planted, adjustments in wood prices and production costs, etc. In certain years, such as the current one, variations may also arise due to changes in valuation criteria.

The table below shows the evolution of the Trust's land and forest plantation values, according to the data provided in the annual appraisals. It should be clarified that the 2020 appraisal was carried out by another firm using a different methodology, which resulted in an undervaluation of the land.

Table 9. Evolution of the Land and Plantations Valuation in Millions of USD

	Land	Forests	Grazing	Total
2020	113.0	275.5	-	***388.4***
2021	154.4	246.1	3.7	***404.1***
2022	161.1	288.4	3.2	***452.6***
2023	167.8	331.4	3.7	***502.9***
2024	176.5	366.3	-	***542.8***
Variation 2024/2023	5.2%	10.5%	-100.0%	***7.9%***
Annual Growth Rate				***8.7%***

Source: Valuations

As of December 2024, the valuation of the Trust’s land and forest assets estimated a total value of USD 542.8 million, consisting of USD 366.3 million for forest plantations and USD 176.5 million for land.

Between 2023 and 2024, the combined value of land and forests increased by 7.9%, primarily driven by a 10.5% appreciation in forest assets and a 5.2% increase in land value.

From 2020 to 2024, the compound annual growth rate (CAGR) of the total asset value was 8.7%, while the CAGR calculated from the 2019 issuance value was 10.5%.

6. 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 minimal.*

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 84% 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 39% of its area planted with pine. A portion of these pine stands has been commercialized over the first years. 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,[9] 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.

[9]. 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.

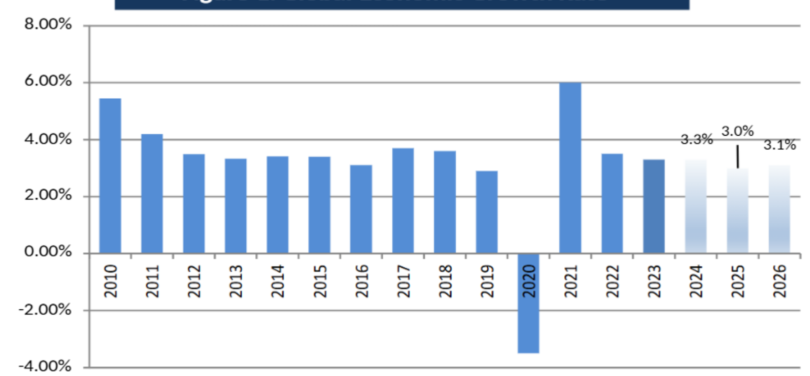
For this rating update, CARE reviewed key information about the forestry industry, confirming that there would be no major deviations from the expected trajectory in the future.

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

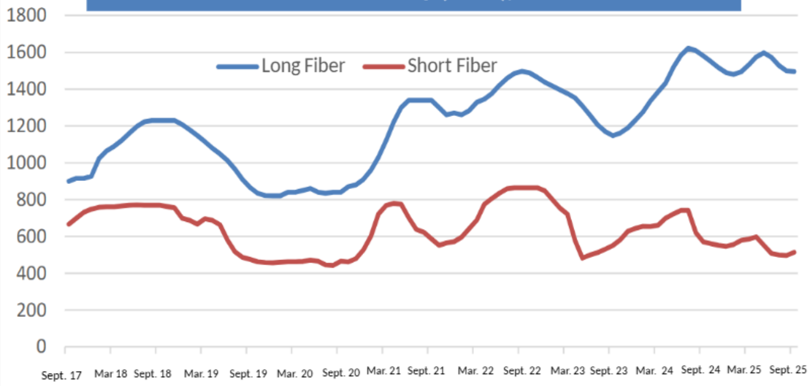
Historical Price Trends

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[10] (main international prices for long-fiber conifer pulp in Europe), and BHKP[11] (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[12] 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

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

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

[12]. 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.

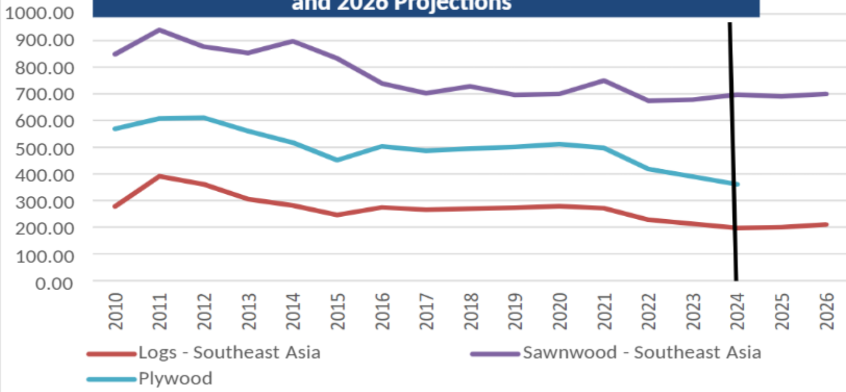
In the case of *Eucalyptus* timber for sawmilling, demand has exhibited volatility similar to that of pulp, though to a lesser extent. Prices have shown a modest upward trend, while the greatest impact has been observed in traded volumes. Following a highly uncertain start to 2020, driven by the export 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.

Figure 3. Historical International Price Trends and 2026 Projections



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 toward 2035[13]. 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.

[13]. World Bank Commodities Price Forecast. In subsequent reports, price projections are provided only for two years.

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 10. 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.

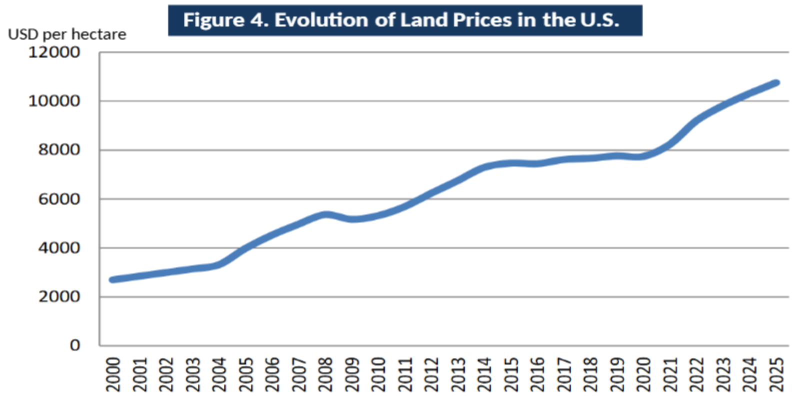
In the 21st century, the price of land in the United States has followed a continuous upward trend, with some exceptions (2009 and 2015) when minimal reductions were verified. However, these exceptions did not change this trend. The price of land in the United States only declined in the early 1980s 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[14] report, which presents 2025 land prices, shows a 4.32% increase in average land values compared to the previous year. Agricultural land prices rose by 4.67%, while grazing land prices increased by 4.92%.

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



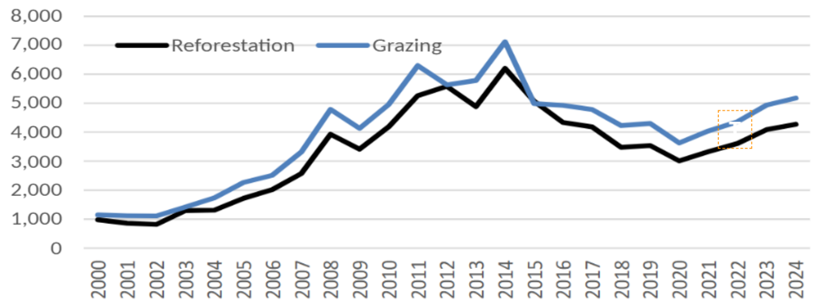
Source: USDA Land Prices. August 2025

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

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

[14]. 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[15] 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

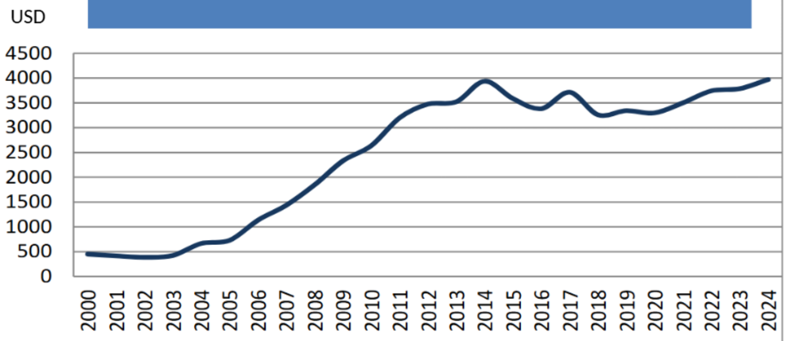
[15]. The Rural Real Estate Market Activity Index (InCAIR) is a monthly indicator that reflects level of activity in the rural real estate market. The index uses 100 points as its maximum benchmark, corresponding to the highest level of activity ever recorded. It does not track prices or values—only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

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

The appreciation of land prices is a relatively significant component of the Trust's final income (16%). 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.

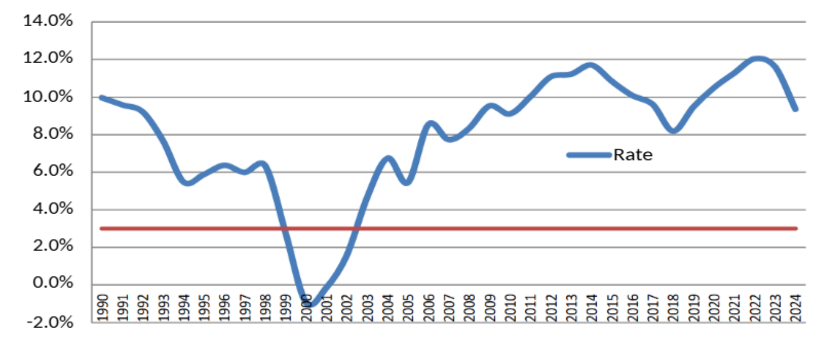
For this purpose, CARE analyzed annual variations in the land prices (in current U.S. dollars) using a dataset spanning more than 50 years (1970 to 2024), evaluating 20-year rolling periods. The analysis revealed the following:

- 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.

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



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[17], with an additional modest component driven by improvements in land productivity, resulting in

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

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.

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[18] in the scale defined by our methodology. The '+' sign indicates that the rating is closer to the next higher category This is an investment-grade rating.

Rating Committee

Julio Preve, Engineer

Martín Durán Martínez, CA

Adrián Tambler, Agr. Eng.

18. ***BBB+.uy***. This rating applies to instruments that present a medium-low level of investment risk, as they show acceptable performance and an adequate capacity to meet payment obligations under the agreed terms. The instrument itself, the condition of the administrator and the entities involved, the quality of the underlying assets, their capacity to generate the expected cash flows, the investment policy, and the characteristics of the operating environment collectively provide a moderate level of comfort in the analysis performed—without ruling out some weakness in any of the four risk areas.

The risk associated with the instrument could increase in the event of foreseeable changes in the assets or their cash flows, in the economic sectors involved, or in the broader economy. The probability of such unfavorable changes in the environment is considered low to medium-low and is consistent with the administrator's ability to manage them, although it would imply somewhat higher risk than in higher-rated categories.

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