



TIMBER EAST LLC AND SUBSIDIARIES

(Forest Investment Associates as Investment Advisor)

Consolidated Financial Statements and Supplemental
Consolidating Financial Statement Information

December 31, 2025 and 2024

(With Independent Auditors' Report Thereon)

TIMBER EAST LLC AND SUBSIDIARIES
(Forest Investment Associates as Investment Advisor)

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KPMG LLP
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Independent Auditors' Report

The Member
Timber East LLC:

Opinion

We have audited the consolidated financial statements of Timber East LLC and its subsidiaries (the Company), for which Forest Investment Associates (the Investment Advisor) is the investment advisor, which comprise the consolidated statements of net assets as of December 31, 2025 and 2024, and the related consolidated statements of operations, changes in net assets, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2025 and 2024, and the results of its operations and its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with U.S. generally accepted accounting principles, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for one year after the date that the consolidated financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.



In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying supplemental consolidating financial statement information included on schedule 1 through schedule 4 is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

KPMG LLP

Atlanta, Georgia
May 20, 2026

TIMBER EAST LLC AND SUBSIDIARIES
(Forest Investment Associates as Investment Advisor)

Consolidated Statements of Net Assets

December 31, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Assets:		
Timber investments, at fair value (cost \$719,217,583 and \$750,985,341, respectively)	\$ 1,494,757,334	1,501,103,864
Cash and cash equivalents	13,776,717	16,895,959
Time deposits	1,099,536	1,099,208
Investment in Broad Arrow Timber Company II, LLC	262,720	262,993
Accounts receivable	1,362,088	1,016,221
Due from related party	—	8,602
Prepaid expenses	911,667	1,048,431
Right-of-use lease assets	<u>1,062,662</u>	<u>1,121,198</u>
Total assets	<u>1,513,232,724</u>	<u>1,522,556,476</u>
Liabilities:		
Accounts payable and accrued expenses	1,609,076	1,626,249
Due to related party	9,288	26,626
Property taxes payable	546,238	948,962
Contract liabilities	4,633,332	10,256,064
Lease liabilities	<u>1,062,662</u>	<u>1,121,198</u>
Total liabilities	<u>7,860,596</u>	<u>13,979,099</u>
Net assets	<u>\$ 1,505,372,128</u>	<u>1,508,577,377</u>

See accompanying notes to consolidated financial statements.

TIMBER EAST LLC AND SUBSIDIARIES
(Forest Investment Associates as Investment Advisor)

Consolidated Statements of Operations
Years ended December 31, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Revenue:		
Stumpage sales	\$ 46,078,112	42,280,052
Hunting licenses	6,758,128	6,541,129
Interest income	2,965	6,317
Easement income	7,595,049	11,604,245
Other income	1,078,988	1,064,288
Total revenue	<u>61,513,242</u>	<u>61,496,031</u>
Expenses:		
Cost of stumpage harvested – depletion	19,632,172	15,409,200
Real estate taxes	1,836,677	1,967,581
Timber sale expense	16,369,050	15,681,358
Administrative	5,062,425	4,734,475
Forest management expense	2,766,395	4,198,800
Management fees	3,887,368	3,877,044
Total expenses	<u>49,554,087</u>	<u>45,868,458</u>
Net investment income	<u>11,959,155</u>	<u>15,627,573</u>
Net realized and unrealized gain:		
Net proceeds from timber investments sold	69,852,059	4,532,087
Less cost of timber investments sold	(17,693,725)	(1,261,597)
Realization of unrealized gain on timber investments sold	(16,941,171)	(2,383,499)
Net realized gain from timber investments sold	35,217,163	886,991
Change in unrealized gain on timber investments	42,362,399	74,483,978
Net realized and unrealized gain	<u>77,579,562</u>	<u>75,370,969</u>
Net increase in net assets from operations	<u>\$ 89,538,717</u>	<u>90,998,542</u>

See accompanying notes to consolidated financial statements.

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Consolidated Statements of Changes in Net Assets

Years ended December 31, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Net assets – beginning of year	\$ 1,508,577,377	1,445,472,950
From operations:		
Net investment income	11,959,155	15,627,573
Net realized and unrealized gain on timber investments	<u>77,579,562</u>	<u>75,370,969</u>
Net change in net assets from operations	<u>89,538,717</u>	<u>90,998,542</u>
From capital transactions:		
Contributions	1,541,000	4,611,582
Distributions	<u>(94,284,966)</u>	<u>(32,505,697)</u>
Net change in net assets from capital transactions	<u>(92,743,966)</u>	<u>(27,894,115)</u>
Net assets – end of year	<u>\$ 1,505,372,128</u>	<u>1,508,577,377</u>

See accompanying notes to consolidated financial statements.

TIMBER EAST LLC AND SUBSIDIARIES
(Forest Investment Associates as Investment Advisor)

Consolidated Statements of Cash Flows
Years ended December 31, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Cash flows from operating activities:		
Net change in net assets from operations	\$ 89,538,717	90,998,542
Adjustments to reconcile net change in net assets from operations to net cash provided by operating activities:		
Cost of stumpage harvested – depletion	19,632,172	15,409,200
Net realized and unrealized gain on timber investments	(77,579,562)	(75,370,969)
Changes in:		
Accounts receivable	(345,867)	798,795
Due from related party	8,602	(8,602)
Prepaid expenses	136,764	(89,033)
Accounts payable and accrued expenses	(17,173)	(805,958)
Due to related party	(17,338)	(19,500)
Property taxes payable	(402,724)	121,662
Contract liabilities	(5,622,732)	(3,757,597)
Net cash provided by operating activities	<u>25,330,859</u>	<u>27,276,540</u>
Cash flows from investing activities:		
Purchases of timber investments and other capital expenditures	(5,558,139)	(9,059,593)
Net proceeds from timber investments sold	69,852,059	4,532,087
Investment from related entity	273	150,623
Net cash provided by (used in) provided by investing activities	<u>64,294,193</u>	<u>(4,376,883)</u>
Cash flows from financing activities:		
Contributions	1,541,000	4,611,582
Distributions	(94,284,966)	(32,505,697)
Net cash used in financing activities	<u>(92,743,966)</u>	<u>(27,894,115)</u>
Net decrease in cash, cash equivalents, and time deposits	(3,118,914)	(4,994,458)
Cash, cash equivalents, and time deposits – beginning of year	<u>17,995,167</u>	<u>22,989,625</u>
Cash, cash equivalents, and time deposits – end of year	<u>\$ 14,876,253</u>	<u>17,995,167</u>
Reconciliation of cash, cash equivalents, and time deposits:		
Cash and cash equivalents	\$ 13,776,717	16,895,959
Time deposits	<u>1,099,536</u>	<u>1,099,208</u>
Total cash, cash equivalents, and time deposits	<u>\$ 14,876,253</u>	<u>17,995,167</u>

See accompanying notes to consolidated financial statements.

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December 31, 2025 and 2024

(1) Organization and Summary of Significant Accounting Policies

(a) Description of Business

The Pension Reserves Investment Trust Fund (PRIT) is a pooled investment fund established to invest the assets of the Massachusetts State Teachers' and Employees' Retirement Systems and the assets of the county, authority, district, and municipal retirement systems that choose to invest in the fund. The Pension Reserves Investment Management (PRIM) Board is charged with the general supervision of PRIT. PRIT Timber Holdings LLC (LLC) was formed in November 2001 by PRIT for the principal purpose of conducting the investment of certain assets of PRIT.

Timber East LLC (Timber East) was formed in November 2001. The principal purpose of Timber East is to conduct the investment activities of certain assets of the LLC. The LLC is the sole member of Timber East. The LLC is governed by an operating agreement with the PRIM Board, as trustee of PRIT, as the sole member. The principal purpose of the LLC is to make investments in timberlands in a manner consistent with the PRIT declaration of trust and any business or activities incidental to, or in support of, such investment activities.

Pursuant to an investment management agreement, Forest Investment Associates (FIA) provides timber investment management services to Timber East on behalf of PRIT. FIA's role is to acquire, manage, and sell timber on PRIT's behalf in order to maximize investment return under the terms of the contract. Timber East, for which FIA acts as investment manager under a separate operating agreement, holds all of the assets managed by FIA for PRIT.

(b) Use of Estimates

The preparation of the consolidated financial statements in conformity with U.S. generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. The significant estimates made by management in preparing the accompanying consolidated financial statements relate to the valuation of timber investments, as described below.

(c) Principles of Consolidation

The accompanying consolidated financial statements include the accounts of Timber East and its wholly-owned subsidiaries (collectively, the Company) and have been presented on the fair value basis of accounting in conformity with GAAP. All significant intercompany balances and transactions have been eliminated in consolidation. The Company has no involvement with variable interest entities. The Company accounts for investments over which it has significant influence but not a controlling financial interest using the equity method of accounting.

(d) Fair Value Measurements

The Company estimates the fair value for financial assets, financial liabilities, and timber investments based on the framework established in Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 820, *Fair Value Measurement*. ASC Topic 820 defines fair value,

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establishes a framework for measuring fair value, and specifies required disclosures about fair value measurements.

ASC Topic 820 emphasizes that fair value is a market-based measurement, not an entity-specific measurement. Therefore, a fair value measurement should be determined based on the assumptions that market participants would use in pricing the asset or liability. As a basis for considering market participant assumptions in fair value measurements, ASC Topic 820 establishes a fair value hierarchy that distinguishes between market participant assumptions based on market data obtained from sources independent of the reporting entity (observable inputs that are classified within Levels 1 and 2 of the hierarchy) and the reporting entity's own assumptions about market participant assumptions (unobservable inputs classified within Level 3 of the hierarchy). The three levels of the fair value hierarchy are as follows:

- Level 1 inputs utilize quoted prices (unadjusted) in active markets for identical assets or liabilities accessible to the reporting entity at the measurement date.
- Level 2 inputs are inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly for substantially the full term of the asset or liability.
- Level 3 inputs are unobservable inputs for the asset or liability used to measure fair value to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at measurement date.

In instances where the determination of the fair value measurement is based on inputs from different levels of the fair value hierarchy, the level in the fair value hierarchy within which the entire fair value measurement falls is based on the lowest-level input that is significant to the fair value measurement in its entirety. The Company's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the asset or liability.

The valuations of the Company's investments in timber use significant unobservable inputs and are classified within Level 3 of the fair value hierarchy. The Company uses prices and inputs that are current as of the measurement date, including during periods of market dislocation. In periods of market dislocation, the observability of prices and inputs may be reduced for many instruments.

The values of timber investments have been prepared giving consideration primarily to the income approach of estimating property value, although the market and cost approach were also considered in the fair value determinations. The income approach estimates an income stream for a property over an investment period of approximately 20 years and discounts this income into a present value at a risk-adjusted rate. Yield rates and growth assumptions utilized in this approach are derived from market transactions as well as other financial and industry data. The market approach uses prices and other relevant information generated by market transactions of land and timber involving identical or comparable properties. The cost approach, which consists of the summation of several elements, usually including bare land, premerchantable timber, and merchantable timber, uses the principle of substitution and the concept that a market participant would not pay more than the amount that would currently be required to replace the subject property.

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The discount rate is a significant input to these valuations. The rate is based on site location, topographic characteristics, location to distribution points, species mix, the age and harvest schedule of merchantable and premerchantable timber and nature of each property, and current and anticipated market conditions. In isolation, significant increases in discount rate would result in a significantly lower fair value measurement. In isolation, significant decreases in discount rate would result in a significantly higher fair value measurement. The discount rates reflected in the table below represent the ranges utilized in the valuations as of December 31, 2025 and 2024.

The table below presents the financial investments measured at fair value as of December 31, 2025 and 2024, according to the related valuation hierarchy. A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

Assets measured at fair value on a recurring basis as of December 31, 2025 and 2024 are as follows:

	December 31, 2025	Quoted prices in active markets for identical instruments (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Timber investments	\$ 1,494,757,334	—	—	1,494,757,334

	December 31, 2024	Quoted prices in active markets for identical instruments (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Timber investments	\$ 1,501,103,864	—	—	1,501,103,864

The table below shows quantitative information about significant unobservable inputs related to Level 3 fair value measurements on a recurring basis for timber investments as of December 31, 2025 and 2024. Determination of fair value involves judgment because the actual fair value of a timber investment can be determined only by negotiation between the parties in a sales transaction. The real estate and capital markets are cyclical in nature. The fair value of timber investments at December 31,

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2025 and 2024 of \$1,494,757,334 and \$1,501,103,864, respectively, was determined based on consideration of each of the below valuation techniques and related inputs:

Valuation technique	Unobservable inputs	2025 Ranges	2024 Ranges
Income approach	Discount rates	3.75%-5.44%	4.00%-5.50%
Market approach	Comparable sales (per acre)	\$1,156-\$4,198	\$1,160-\$4,440
Cost approach	Comparable costs (per acre)	\$1,757-\$3,845	\$1,501-\$3,736

A summary of changes in the fair value measurement of timber investments using significant unobservable inputs (Level 3) for the years ended December 31, 2025 and 2024 is as follows (in millions):

	2025	2024
Beginning balance	\$ 1,501.1	1,436.6
Acquisitions and capital expenditures	5.6	9.1
Cost of land sold and timber harvested	(37.3)	(16.7)
Gain on timber investments	25.4	72.1
Ending balance	\$ 1,494.8	1,501.1
Amount attributable to the change in unrealized gain relating to the timber investments held at the reporting date	\$ 42.4	74.5

The carrying values of all other assets and liabilities approximate fair value due to their short-term nature.

(e) Timber Investments

Timber investments are stated at estimated fair value. The estimated fair value is based on independent valuations prepared by independent real estate appraisers (members of the Appraisal Institute), which have been prepared in accordance with Uniform Standards of Professional Appraisal Practice. Under the investment management agreement, independent valuations are required to be performed on each timber investment every three years; however, management has independent valuations performed annually. FIA reviews each independent valuation and may approve a change in the value of any timber investment if FIA determines there has been a change in the circumstances since the most recent independent valuation causing a material change in the value of such timber investment.

Timber investment values are affected by, among other things, the availability of capital, changing demand for certain types of timber, age of available timber, prices of wood products, mineral rights, interest rates, and inflation rates. As a result, determining timber investment values involves subjective

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assumptions and estimates, see (d) Fair Value Measurements. Amounts ultimately realized from each timber investment may vary from estimated fair values presented.

Timber investment values are adjusted for capital additions made to the property subsequent to the appraisal date. All initial site preparation and planting costs are capitalized as reforestation. Reforestation is transferred to a merchantable timber classification as trees reach a certain size. Generally, costs incurred subsequent to three years after planting, such as fertilization, vegetation, insect control, and precommercial thinning, are considered to be maintenance and are expensed as incurred.

(f) Investment in Limited Liability Company

The Company uses the equity method of accounting for its investment in Broad Arrow Timber Company II, LLC (BATCO II), as the Company has significant influence over, but not control of, BATCO II. Under the equity method, the initial investment is recorded at cost and then increased or decreased by the Company's share of income or losses and contributions and distributions.

The Company evaluates its equity method investment for impairment when events or changes in circumstances indicate, in management's judgment, that the carrying value of such investment may have experienced an other-than-temporary decline in value. When evidence of loss in value has occurred, management compares the estimated fair value of the investment to the carrying value of the investment to determine whether an impairment has occurred. If the estimated fair value is less than the carrying value and management considers the decline in value to be other than temporary, the excess of the carrying value over the estimated fair value is recognized in the consolidated financial statements as an impairment.

(g) Cash and Cash Equivalents and Funds Held in Escrow

For the purposes of the consolidated statements of cash flows, all highly liquid investments with a maturity of three months or less when purchased are considered to be cash equivalents.

At December 31, 2025 and 2024, \$13,776,717 and \$16,895,959, respectively, of the Company's cash is invested through one U.S. financial institution. The related cash balances exceeded amounts federally insured during each year. The Company has not experienced any losses in such accounts and believes it mitigates its risk by investing through a major financial institution.

(h) Accounts Receivable

Amounts collected on accounts receivable are included in net cash provided by operating activities in the accompanying consolidated statements of cash flows. The Company does not maintain an allowance for credit losses for estimated losses inherent in its accounts receivable portfolio. In establishing that no allowance is required, FIA considers historical losses adjusted to take into account current and reasonable and supportable forecasts of economic conditions.

(i) Income Taxes

Under the provisions of the Internal Revenue Code, Timber East is a limited liability company, which is treated as a pass-through entity for federal and state income tax purposes. The LLC is to include the

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Company's profits and losses in its tax returns. The Company has not recorded an income tax provision for federal and state purposes in the accompanying consolidated financial statements.

(j) Revenue Recognition

A majority of the Company's revenue is derived from stumpage sales, hunting licenses and easements. The Company recognizes revenue in accordance with ASC Topic 606, *Revenue from Contracts with Customers*, and subsequently issued additional related Accounting Standards Update (ASU) (Topic 606). The Company only has revenue from customers. The Company recognizes revenue when it satisfies performance obligations under the terms of its contracts, which are typically for one year or less, and control of its products is transferred to its customers in an amount that reflects the consideration the Company expects to receive from its customers in exchange for those products. This process involves identifying the customer contract, determining the performance obligations in the contract, determining the contract price, allocating the contract price to the distinct performance obligations in the contract, and recognizing revenue when the performance obligations have been satisfied. A performance obligation is considered distinct from other obligations in a contract when it (a) provides a benefit to the customer either on its own or together with other resources that are readily available to the customer and (b) is separately identified in the contract. The Company considers a performance obligation satisfied once it has transferred control of a good or product to a customer, meaning the customer has the ability to use and obtain the benefit of the product.

The Company's largest source of revenue is generated via stumpage sales. The Company does not act as an agent in any of its revenue arrangements. Pay-as-cut and lump-sum contracts with customers generally state the terms of the sale, including the quantity and price of timber sales. Payment terms and conditions may vary by contract, although terms generally include a requirement of payment within a range of 30 to 60 days after the performance obligation has been satisfied. As a result, the contracts do not include a significant financing component. In addition, contracts typically do not contain variable consideration as the contracts include stated prices. Certain pay-as-cut contracts require an advance payment. The Company's contract liabilities totaling \$4,633,332 and \$10,256,064 for advance payments received as of December 31, 2025 and 2024, respectively, related to performance obligations not yet satisfied on stumpage contracts and hunting license contracts.

The following table summarizes revenue recognition and general payment terms for stumpage sales:

Contract type	Performance obligation	Timing of revenue recognition	General payment terms
Pay-as-cut	Delivery of title to standing timber	As timber is severed and scaled (point-in-time)	Fixed price per unit with initial payment up to 50% of estimated contract value; collection generally within two weeks of severance and scale
Lump-sum	Right to harvest specified stumpage on an agreed-upon	Contract execution (point-in-time)	Full payment due within 120 days of contract execution or over multiple installments through the

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Contract type	Performance obligation	Timing of revenue recognition	General payment terms
	acreage of standing timber for a specified period of time		earlier of 180 days or when 50% is harvested

The following table summarizes disaggregation of revenue as of December 31, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Stumpage pay-as-cut	\$ 39,006,882	7,477,248
Stumpage lump-sum	7,071,230	34,802,804
Total stumpage sales	46,078,112	42,280,052
Hunting licenses	6,758,128	6,541,129
Interest income	2,965	6,317
Easement income	7,595,049	11,604,245
Other income	1,078,988	1,064,288
Total revenue	\$ <u>61,513,242</u>	<u>61,496,031</u>

During 2025 and 2024, the three largest customers accounted for 10.7% of stumpage sales. BATCO II and BATCO III are excluded from this calculation and are disclosed separately in Note 8(a).

Hunting license revenue is recognized ratably over the agreement term, which ranges from one to five years. Payment is typically due upon execution or in annual installments.

Revenue from timberland sales is recognized at closing when title passes, payments are received or full collectability is probable, and control is passed to the buyer. At this point there are no additional performance obligations to be met, and revenue is recognized fully. Full payment is made at the time of closing.

The timing of revenue recognition, invoicing, and cash collections results in accounts receivable and contract liabilities on the consolidated statements of net assets. Accounts receivable are recorded when the Company has an unconditional right to consideration for completed performance under the contract. Contract assets are recorded when the Company has satisfied its performance obligation, but payment is not yet due under the contract terms. Contract liabilities relate to payments received in advance of performance under the contract and is recognized as revenue as (or when) the Company performs under the contract.

(k) Cost of Stumpage Harvested – Depletion

Cost of stumpage harvested is recorded as expense as trees are cut and sold. Costs from lump-sum timber sales are recognized on estimated volumes reflected in cutting contracts. The depletion rate charged is determined quarterly based on the relationship of incurred costs to estimated current

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merchantable volume and sales price. The estimated cost basis of timber harvested in 2025 and 2024 was \$19,632,172 and \$15,409,200, respectively.

(l) Other Income

Other income primarily includes lease revenue, recovery of logging damages, and equity in income of an unconsolidated affiliate.

(m) Contributions and Distributions

The LLC may enter into transactions for timber acquisitions or dispositions in which funds are transferred directly to or received directly from third parties. Although the corresponding funds may not pass through the Company, such transactions are reflected in the consolidated financial statements as contributions, distributions, net investment income, and return of capital. A return of capital represents a refund of some or all of the Company's timber and reduces the basis of each investment. Distributions to the LLC are paid from each timber investment.

(n) Leases

During 2024 and 2025, the Company is a lessee for five land lease contracts which are classified as operating leases. The Company accounts for leases in accordance with Topic 842, Leases (see Note 6). The Company determines if an arrangement is or contains a lease at contract inception. The Company recognizes a right-of-use (ROU) asset and a lease liability at the lease commencement date. Leases are classified as finance or operating, with classification affecting the pattern and classification of expense recognition in the consolidated statements of operations. During 2025 and 2024, there were no finance leases.

For operating leases, the lease liability is initially measured at the present value of the unpaid lease payments at the lease commencement date. The lease liability is subsequently measured at amortized cost using the effective-interest method. Key estimates and judgments include how the Company determines (1) the discount rate it uses to discount the unpaid lease payments to present value, (2) lease term, and (3) lease payments.

The ROU asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for lease payments made at or before the lease commencement date, plus any initial direct costs incurred less any lease incentives received. For operating leases, the ROU asset is subsequently measured throughout the lease term at the carrying amount of the lease liability, plus initial direct costs, plus (minus) any prepaid (accrued) lease payments, less the unamortized balance of lease incentives received. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

The Company has elected not to recognize ROU assets and lease liabilities for short-term leases that have a lease term of 12 months or less.

TIMBER EAST LLC AND SUBSIDIARIES
(Forest Investment Associates as Investment Advisor)

Notes to Consolidated Financial Statements

December 31, 2025 and 2024

(2) Timber Investments

As of December 31, 2025 and 2024, timber investments consist of the following:

Investment/type	Location	Acquisition date	Cost basis		Estimated fair value	
			2025	2024	2025	2024
Quitman:						
Quitman/Pine	Mississippi	December 17, 2001	\$ 31,645,309	31,495,617	191,665,933	172,232,000
Longwood/Pine	Mississippi	December 1, 2004	13,919,290	14,225,083	45,700,000	45,100,000
			45,564,599	45,720,700	237,365,933	217,332,000
Trinity:						
Trinity/Pine	Texas	November 14, 2002 and August 11, 2003	19,221,521	18,735,792	86,900,000	87,200,000
Waccamaw/Pine	North Carolina	December 17, 2002	10,664,736	11,777,215	34,300,000	33,743,728
Silco – Silco/Pine	Georgia	December 17, 2002	16,986,640	17,146,109	61,600,000	67,700,000
Clarion Headwaters:						
Clarion Headwaters/ Hardwood	Pennsylvania	July 31, 2003	57,418,905	61,698,514	66,500,000	82,800,000
Wateree:						
Wateree/Pine	South Carolina	December 17, 2003	42,020,572	42,067,444	164,000,000	156,403,576
Pisgah/Pine	South Carolina	December 1, 2004	11,930,069	12,606,495	44,700,000	45,624,560
			53,950,641	54,673,939	208,700,000	202,028,136

TIMBER EAST LLC AND SUBSIDIARIES
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Notes to Consolidated Financial Statements

December 31, 2025 and 2024

Investment/type	Location	Acquisition date	Cost basis		Estimated fair value	
			2025	2024	2025	2024
Bear Creek:						
Bear Creek/Pine	Florida	December 1, 2004	\$ 60,738,442	69,414,676	139,370,000	154,000,000
Texarkana:						
Caney Creek/Pine	Arkansas	December 15, 2016	93,689,267	95,544,952	129,700,000	121,000,000
Hughes Springs/Pine	Texas	December 15, 2016	15,134,301	15,247,594	24,400,000	22,500,000
			<u>108,823,568</u>	<u>110,792,546</u>	<u>154,100,000</u>	<u>143,500,000</u>
Alexandria Sabine Lands:						
Alexandria – Alexandria/Pine	Louisiana	December 7, 2018	108,226,961	115,438,572	177,000,000	177,400,000
Chopin – Chopin/Pine	Louisiana	December 7, 2018	3,725,457	3,761,853	6,460,000	5,300,000
Sabine – Sabine/Pine	Texas	December 7, 2018	118,929,054	120,675,256	192,000,000	197,100,000
			<u>230,881,472</u>	<u>239,875,681</u>	<u>375,460,000</u>	<u>379,800,000</u>
Newberry:						
Newberry/Pine	South Carolina	December 20, 2023	114,967,059	121,150,169	130,461,401	133,000,000
			<u>\$ 719,217,583</u>	<u>750,985,341</u>	<u>1,494,757,334</u>	<u>1,501,103,864</u>

The aggregate cost, cumulative unrealized gains, and estimated fair value of timber investments are summarized as follows:

	2025	2024
Cost basis	\$ 719,217,583	750,985,341
Unrealized gains – cumulative	<u>775,539,751</u>	<u>750,118,523</u>
Total estimated fair value	<u>\$ 1,494,757,334</u>	<u>1,501,103,864</u>

(3) Dispositions and Acquisitions of Timber Investments

(a) Dispositions

During 2025, the Company sold 19,738 acres of timber investments for a total gross contract price of \$70,940,732 resulting in a gain on sale of \$52,158,334 (computed as gross contract price of timber investments less historical cost of timber investments sold and related timberland sale expenses).

During 2024, the Company sold 1,637 acres of timber investments for a total gross contract price of \$5,116,010 resulting in a gain on sale of \$3,217,685 (computed as gross contract price of timber investments less historical cost of timber investments sold and related timberland sale expenses).

TIMBER EAST LLC AND SUBSIDIARIES
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Notes to Consolidated Financial Statements

December 31, 2025 and 2024

(b) Acquisitions

During 2025, the Company acquired 89 acres of timber investment for a total cost of \$209,683. During 2024, the Company acquired 59 acres of timber investment for a total cost of \$132,000.

(4) Investment in Limited Liability Companies

Broad Arrow Timber Company II, LLC

On November 30, 2016, Texarkana Timber, LLC (the Company's wholly owned subsidiary); FIA Timber Growth and Value Arkansas LLC; and Bavarian Timber 2016, LLC (the Members) entered into an LLC agreement with BATCO II, where Texarkana Timber, LLC acquired 50.52% ownership interest in BATCO II and FIA acts as the Manager. BATCO II was formed for the purposes of purchasing timber from owners of timberlands, including the Members, marketing and selling pulpwood and logs derived from such standing timber, and related activities.

In conjunction with the Company's purchase of certain property located in Arkansas and Texas (Texarkana Properties), BATCO II and Texarkana Timber, LLC enter into supply agreements with third parties (note 8).

The carrying amount of the investment in BATCO II as of December 31, 2025 and 2024 was \$262,720 and \$262,993, respectively.

Broad Arrow Timber Company III, LLC

On October 18, 2018, Alexandria Sabine Lands, LLC (the Company's wholly owned subsidiary) (the Member) entered into an LLC agreement with Broad Arrow Timber Company III, LLC (BATCO III), where Alexandria Sabine Lands, LLC acquired 100% ownership interest in BATCO III. FIA acts as the Manager of BATCO III. BATCO III was formed for the purposes of purchasing for its own account standing timber from owners of timberlands, including the Member, marketing and selling pulpwood and logs derived from such standing timber and related activities.

In conjunction with the Company's purchase of certain property located in Louisiana and Texas (Alexandria Sabine Land Properties), BATCO III and Alexandria Sabine Lands, LLC enter into supply agreements with third parties (note 8).

(5) Advisor and Affiliates Fees

(a) Investment Management Fee

Beginning January 1, 2024, FIA is paid a quarterly investment management fee equal to one-fourth of 0.40% of the lesser of (a) the aggregate adjusted contributed capital, adjusted based on land sales and the Consumer Price Index, or (b) the total property value as of the end of each quarter.

Investment management fees were \$3,887,368 and \$3,877,044 for the years ended December 31, 2025 and 2024, respectively. Investment management fees payable were \$958,732 and \$968,805 at December 31, 2025 and 2024, respectively, and are included in accounts payable and accrued expenses in the accompanying consolidated statements of net assets.

TIMBER EAST LLC AND SUBSIDIARIES
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Notes to Consolidated Financial Statements

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(b) Acquisition Fee

FIA receives an acquisition fee equal to 0.25% of the purchase price of the timber property. Beginning January 1, 2024, this fee is subject to a maximum amount of \$250,000 per acquisition transaction. As of December 31, 2025 and 2024, there were no acquisition fees payable.

(c) Incentive Fee

FIA is entitled to earn an incentive fee based on the performance of the timber investments in the Company. The fee is calculated based on an incentive benchmark rate of the National Council of Real Estate Investment Fiduciaries (NCREIF) Timberland US Southern Regional Subindex plus twenty basis points (0.20%). The intended result is to calculate an incentive fee to FIA of five percent (5%) of the amount by which the unlevered, nominal return earned by the Company, net of all fees paid to FIA other than the incentive fee, exceeds the incentive benchmark for the applicable performance measurement period. The incentive fees will be paid at specified measurement dates, at the pro rata amounts specified in the investment management agreement, with any remaining incentive fee paid upon sale of the last timber investment or upon the termination of the investment management agreement by the LLC or FIA. The next measurement date is December 31, 2028. As of December 31, 2025 or 2024, there were no accrued incentive fees.

(6) Lease Commitments

The Company assumed 12 land lease contracts during 2004 in connection with the December 2004 acquisitions of timber investments. All timber grown on this land can be harvested by the Company through the termination date of the lease agreement. As of December 31, 2025, the remaining lease terms expire in the years 2033 through 2042. These leases have been classified as operating leases for financial reporting purposes. Total rental expense of \$104,476 and \$110,857 was incurred under these leases for the years ended December 31, 2025 and 2024, respectively, and is included in administrative expenses in the accompanying consolidated statements of operations.

As of December 31, 2025, the weighted average remaining lease term (in years) is 13.7 and the weighted average discount rate is 5%.

At December 31, 2025, future minimum lease payments under noncancelable operating leases (with initial or remaining lease terms in excess of one year) were as follows:

Year ending December:		
2026	\$	111,304
2027		111,304
2028		111,304
2029		111,304
2030		111,304
Thereafter		906,425
	\$	<u>1,462,945</u>

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Notes to Consolidated Financial Statements

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(7) Wetland Mitigation Bank

The Company has initiated an environmental enhancement and preservation project through the establishment of a mitigation bank. As a result of the establishment of the wetland mitigation bank, the bank has created economic “credits,” which are based on the ecological value associated with the wetlands. These credits will be released to the Bear Creek mitigation bank by the Army Core of Engineers (federal) and the Florida Department of Environmental Protection (state) and can be sold to developers or other third parties whose projects may impact various ecosystems. As of December 31, 2025 and 2024, the Company has been awarded 45.1 credits and has sold 1.53 and 0.24 credits, respectively.

(8) Commitments and Contingencies

(a) Supply Agreements

The Company, through its wholly owned subsidiary Texarkana Timber, LLC and BATCO II entered into various agreements (Stumpage Agreements II) pursuant to which the Company is required to make available to BATCO II cutting rights on the Texarkana Properties sufficient to permit BATCO II to perform its obligations under its supply agreements to third parties. The Company is obligated to supply annually determined amounts of timber to BATCO II. Under the Stumpage Agreements II, the Company and BATCO II will agree upon an annual harvesting schedule and negotiate stumpage prices no less than once per calendar quarter. It is FIA's intent that the stumpage prices paid to the Company under this arrangement reflect the fair value of the standing timber to be harvested. These agreements expire at various dates through October 31, 2056. The Company recorded stumpage sales under this agreement of \$2,228,328 and \$2,000,374 for the years ended December 31, 2025 and 2024, respectively. Stumpage sales receivable from BATCO II were \$4,441 and \$66,275 as of December 31, 2025 and 2024, respectively, which are included in accounts receivable on the accompanying consolidated statements of net assets.

TIMBER EAST LLC AND SUBSIDIARIES
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In accordance with the purchase and sale agreement of the Texarkana Properties, the Company entered into pulpwood and log support agreements (collectively referred to as the Support Agreements) pursuant to which the Company agreed to provide the sellers of the Texarkana Properties with certain assurances that BATCO II will have sufficient cutting rights to perform its obligations under the existing supply agreements. The Support Agreements restrict the amount of timberlands and methods the Company can use to transfer the Texarkana Properties.

The Company, through its wholly owned subsidiary Alexandria Sabine Lands, LLC, and BATCO III entered into various agreements (Stumpage Agreements III) pursuant to which the Company is required to make available to BATCO III cutting rights on the Alexandria Sabine Land Properties sufficient to permit BATCO III to perform its obligations under its supply agreements to third parties. The Company is obligated to supply annually determined amounts of timber to BATCO III. Under the Stumpage Agreements III, the Company and BATCO III will agree upon an annual harvesting schedule and negotiate stumpage prices no less than once per calendar quarter. It is FIA's intent that the stumpage prices paid to the Company under this arrangement reflect the fair value of the standing timber to be harvested. These agreements expire at various dates through October 31, 2056. The Company recorded delivered wood revenue under this agreement of \$19,689,201 and \$19,550,940 for the years ended December 31, 2025 and 2024, respectively, which are included in stumpage sales on the accompanying consolidated statement of operations. Delivered wood receivable from BATCO III was \$356,744 and \$311,449 as of December 31, 2025 and 2024, respectively, which are included in accounts receivable on the accompanying consolidated statements of net assets.

In accordance with the purchase and sale agreement of the Alexandria Sabine Land Properties, the Company entered into pulpwood and log support agreements (collectively referred to as the Support Agreements) pursuant to which the Company agreed to provide the sellers of the Alexandria Sabine Land Properties with certain assurances that BATCO III will have sufficient cutting rights to perform its obligations under the existing supply agreements. The Support Agreements restrict the amount of timberlands and methods the Company can use to transfer the Alexandria Sabine Land Properties.

(b) Legal Proceedings

In the normal course of business, from time to time, the Company is involved in legal actions relating to the ownership and operations of its investments. In management's opinion, the liabilities, if any, that may ultimately result from such legal actions are not expected to have a material adverse effect on the consolidated financial position, consolidated results of operations, or liquidity. Liabilities for loss contingencies arising from claims, assessments, litigation, fines, penalties, and other sources are recorded when it is probable that a liability has been incurred and the amount can be reasonably estimated. Legal costs incurred in connection with loss contingencies are expensed as incurred.

(9) Subsequent Events

The Company has evaluated subsequent events from the statement of net assets date through May 20, 2026, the date at which the consolidated financial statements were available to be issued, noting the following item.

In the first quarter of 2026, the Company paid distributions to PRIM totaling \$5,200,269.

TIMBER EAST LLC AND SUBSIDIARIES
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Consolidating Statement of Net Assets Information

December 31, 2025

	Quitman	Trinity	Waccamaw	Silco	Clarion Headwaters	Wateree	Bear Creek	Texarkana	Alexandria Sabine Lands	Newberry	Total
Assets:											
Timber investments, at fair value	\$ 237,365,933	86,900,000	34,300,000	61,600,000	66,500,000	208,700,000	139,370,000	154,100,000	375,460,000	130,461,401	1,494,757,334
Cash and cash equivalents	1,630,512	124,756	563,297	1,642,111	550,744	2,173,528	991,412	955,318	4,364,740	780,299	13,776,717
Time deposits	—	—	—	—	—	—	1,099,536	—	—	—	1,099,536
Investment in Broad Arrow Timber Company II, LLC	—	—	—	—	—	—	—	262,720	—	—	262,720
Accounts receivable	2,711	—	54,000	49,573	73,750	97,913	707,125	—	377,016	—	1,362,088
Due from related party	—	—	—	—	—	—	—	—	—	—	—
Prepaid expenses	129,923	62,626	21,262	42,840	59,730	94,647	106,740	102,642	239,619	51,638	911,667
Right-of-use lease assets	140,133	—	—	—	—	922,529	—	—	—	—	1,062,662
Total assets	239,269,212	87,087,382	34,938,559	63,334,524	67,184,224	211,988,617	142,274,813	155,420,680	380,441,375	131,293,338	1,513,232,724
Liabilities:											
Accounts payable and accrued expenses	124,858	127,103	23,185	39,089	153,475	116,652	112,548	163,176	615,588	133,402	1,609,076
Due to related party	—	—	—	—	—	—	—	(4,441)	13,729	—	9,288
Property taxes payable	238,913	—	—	—	—	23,404	—	130,265	145,628	8,028	546,238
Contract liabilities	556,131	840,187	171,952	95,222	46,848	883,485	146,570	433,095	942,191	517,651	4,633,332
Lease liabilities	140,133	—	—	—	—	922,529	—	—	—	—	1,062,662
Total liabilities	1,060,035	967,290	195,137	134,311	200,323	1,946,070	259,118	722,095	1,717,136	659,081	7,860,596
Net assets	\$ 238,209,177	86,120,092	34,743,422	63,200,213	66,983,901	210,042,547	142,015,695	154,698,585	378,724,239	130,634,257	1,505,372,128

See accompanying independent auditors' report.

TIMBER EAST LLC AND SUBSIDIARIES
(Forest Investment Associates as Investment Advisor)
Consolidating Statement of Net Assets Information
December 31, 2024

	Quitman	Trinity	Waccamaw	Silco	Clarion Headwaters	Wateree	Bear Creek	Texarkana	Alexandria Sabine Lands	Newberry	Total
Assets:											
Timber investments, at fair value	\$ 217,332,000	87,200,000	33,743,728	67,700,000	82,800,000	202,028,136	154,000,000	143,500,000	379,800,000	133,000,000	1,501,103,864
Cash and cash equivalents	1,941,909	1,517,405	533,258	735,568	1,142,307	1,751,173	592,151	1,005,276	6,633,681	1,043,231	16,895,959
Time deposits	—	—	—	—	—	—	1,099,208	—	—	—	1,099,208
Investment in Broad Arrow Timber Company II, LLC	—	—	—	—	—	—	—	262,993	—	—	262,993
Accounts receivable	55,856	13,470	24,148	—	54,250	40,719	243,587	66,275	491,187	26,729	1,016,221
Due from related party	—	—	—	—	—	—	—	—	8,602	—	8,602
Prepaid expenses	156,111	70,142	31,286	50,721	67,243	116,275	112,012	124,045	270,071	50,525	1,048,431
Right-of-use lease assets	157,347	—	—	—	—	963,851	—	—	—	—	1,121,198
Total assets	<u>219,643,223</u>	<u>88,801,017</u>	<u>34,332,420</u>	<u>68,486,289</u>	<u>84,063,800</u>	<u>204,900,154</u>	<u>156,046,958</u>	<u>144,958,589</u>	<u>387,203,541</u>	<u>134,120,485</u>	<u>1,522,556,476</u>
Liabilities:											
Accounts payable and accrued expenses	119,102	43,039	28,829	31,754	147,575	118,261	149,641	153,187	671,930	162,931	1,626,249
Due to related party	—	—	—	—	—	—	—	—	26,626	—	26,626
Property taxes payable	209,744	92,858	—	92,243	—	7,905	—	98,496	298,548	149,168	948,962
Contract liabilities	510,995	1,661,580	157,303	446,528	5,805	989,368	148,817	315,561	5,251,307	768,800	10,256,064
Lease liabilities	157,347	—	—	—	—	963,851	—	—	—	—	1,121,198
Total liabilities	<u>997,188</u>	<u>1,797,477</u>	<u>186,132</u>	<u>570,525</u>	<u>153,380</u>	<u>2,079,385</u>	<u>298,458</u>	<u>567,244</u>	<u>6,248,411</u>	<u>1,080,899</u>	<u>13,979,099</u>
Net assets	<u>\$ 218,646,035</u>	<u>87,003,540</u>	<u>34,146,288</u>	<u>67,915,764</u>	<u>83,910,420</u>	<u>202,820,769</u>	<u>155,748,500</u>	<u>144,391,345</u>	<u>380,955,130</u>	<u>133,039,586</u>	<u>1,508,577,377</u>

See accompanying independent auditors' report.

TIMBER EAST LLC AND SUBSIDIARIES
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Consolidating Statement of Operations Information

Year ended December 31, 2025

	Quitman	Trinity	Waccamaw	Silco	Clarion Headwaters	Wateree	Bear Creek	Texarkana	Alexandria Sabine Lands	Newberry	All	Total
Revenue:												
Stumpage sales	\$ 4,317,685	469,400	774,734	5,170,182	5,542,548	4,729,155	77,539	2,228,328	20,271,889	2,496,652	—	46,078,112
Hunting licenses	1,001,308	460,406	127,073	209,810	12,252	1,023,276	337,330	735,501	2,027,857	823,315	—	6,758,128
Interest income	—	46	69	13	335	38	590	84	1,790	—	—	2,965
Easement income	300	867,336	—	10,000	1,000	—	296,026	—	6,420,387	—	—	7,595,049
Other income	6,500	—	3,000	—	—	219,226	18,000	(273)	832,535	—	—	1,078,988
Total revenue	5,325,793	1,797,188	904,876	5,390,005	5,556,135	5,971,695	729,485	2,963,640	29,554,458	3,319,967	—	61,513,242
Expenses:												
Cost of stumpage harvested – depletion	857,771	64,678	201,100	506,683	4,490,732	775,860	3,376	2,442,972	7,357,406	2,931,594	—	19,632,172
Real estate taxes	268,057	98,976	101,159	155,869	70,325	247,342	240,969	134,942	425,117	93,921	—	1,836,677
Timber sale expense	212,355	25,151	65,008	129,255	505,232	223,019	7,527	174,841	14,901,296	125,366	—	16,369,050
Administrative	709,756	285,825	126,048	215,887	168,583	584,390	529,787	516,441	1,591,205	334,503	—	5,062,425
Forest management expense	367,277	96,114	55,442	55,800	25,742	269,744	375,050	215,927	1,197,354	107,945	—	2,766,395
Management fees	387,469	124,163	86,436	101,531	301,649	397,897	302,946	540,256	1,140,153	504,868	—	3,887,368
Total expenses	2,802,685	694,907	635,193	1,165,025	5,562,263	2,498,252	1,459,655	4,025,379	26,612,531	4,098,197	—	49,554,087
Net investment income (loss)	2,523,108	1,102,281	269,683	4,224,980	(6,128)	3,473,443	(730,170)	(1,061,739)	2,941,927	(778,230)	—	11,959,155
Net realized and unrealized gain (loss):												
Net proceeds from timber investments sold	—	—	6,707,105	—	—	4,791,078	33,268,569	—	18,921,475	6,163,832	—	69,852,059
Less cost of timberlands sold	—	—	(1,032,962)	—	—	(1,021,288)	(9,010,920)	—	(3,079,546)	(3,549,009)	—	(17,693,725)
Realization of unrealized gain on timber investments sold	—	—	(2,048,645)	—	—	(1,935,606)	(10,342,961)	—	(2,222,279)	(391,680)	—	(16,941,171)
Net realized gain (loss) from timber investments sold	—	—	3,625,498	—	—	1,834,184	13,914,688	—	13,619,650	2,223,143	—	35,217,163
Change in unrealized gain (loss) on timber investments	20,190,034	(785,729)	3,717,397	(5,940,531)	(12,020,391)	9,330,768	4,389,194	12,568,979	6,876,487	4,036,191	—	42,362,399
Net realized and unrealized gain (loss)	20,190,034	(785,729)	7,342,895	(5,940,531)	(12,020,391)	11,164,952	18,303,882	12,568,979	20,496,137	6,259,334	—	77,579,562
Net increase (decrease) in net assets from operations	\$ 22,713,142	316,552	7,612,578	(1,715,551)	(12,026,519)	14,638,395	17,573,712	11,507,240	23,438,064	5,481,104	—	89,538,717

See accompanying independent auditors' report.

TIMBER EAST LLC AND SUBSIDIARIES
(Forest Investment Associates as Investment Advisor)

Consolidating Statement of Operations Information

Year ended December 31, 2024

	Quitman	Trinity	Waccamaw	Silco	Clarion Headwaters	Wateree	Bear Creek	Texarkana	Alexandria Sabine Lands	Newberry	All	Total
Revenue:												
Stumpage sales	\$ 3,388,090	2,034,943	703,585	484,915	5,482,896	7,781,525	20,150	2,000,374	19,733,608	649,966	—	42,280,052
Hunting licenses	938,485	446,979	195,385	192,576	11,380	1,076,450	366,099	666,397	1,911,475	735,903	—	6,541,129
Interest income	634	22	1,038	46	645	1,074	230	281	2,071	276	—	6,317
Easement income	15,500	1,245,182	—	—	—	—	18,632	—	10,316,431	8,500	—	11,604,245
Other income	2,052	—	3,000	—	1,093	221,168	278,833	(145,624)	703,766	—	—	1,064,288
Total revenue	4,344,761	3,727,126	903,008	677,537	5,496,014	9,080,217	683,944	2,521,428	32,667,351	1,394,645	—	61,496,031
Expenses:												
Cost of stumpage harvested – depletion	577,215	346,051	130,226	55,361	4,103,093	1,086,971	522	1,914,596	6,340,864	854,301	—	15,409,200
Real estate taxes	257,369	105,557	115,044	199,524	67,934	226,400	251,155	111,593	483,837	149,168	—	1,967,581
Timber sale expense	242,413	56,489	68,859	64,463	518,613	247,465	3,081	121,754	14,313,723	44,498	—	15,681,358
Administrative	654,191	400,066	144,709	190,818	171,355	554,080	499,777	481,371	1,393,269	244,839	—	4,734,475
Forest management expense	620,610	107,146	217,608	66,442	24,582	311,318	723,786	198,510	1,822,088	106,710	—	4,198,800
Management fees	390,543	120,912	88,116	98,873	337,930	390,954	315,795	526,112	1,114,659	493,150	—	3,877,044
Total expenses	2,742,341	1,136,221	764,562	675,481	5,223,507	2,817,188	1,794,116	3,353,936	25,468,440	1,892,666	—	45,868,458
Net investment income (loss)	1,602,420	2,590,905	138,446	2,056	272,507	6,263,029	(1,110,172)	(832,508)	7,198,911	(498,021)	—	15,627,573
Net realized and unrealized gain (loss):												
Net proceeds from timber investments sold	36,790	—	1,698,295	—	—	2,548,553	—	—	248,449	—	—	4,532,087
Less cost of timberlands sold	(11,117)	—	(478,036)	—	—	(671,867)	—	—	(100,577)	—	—	(1,261,597)
Realization of unrealized gain on timber investments sold	(29,465)	—	(1,061,734)	—	—	(1,251,836)	—	—	(40,464)	—	—	(2,383,499)
Net realized gain (loss) from timber investments sold	(3,792)	—	158,525	—	—	624,850	—	—	107,408	—	—	886,991
Change in unrealized gain (loss) on timber investments	(7,115,800)	5,687,541	775,052	2,967,657	(1,983,611)	7,177,451	22,607,284	(3,350,852)	35,869,425	11,849,831	—	74,483,978
Net realized and unrealized gain (loss)	(7,119,592)	5,687,541	933,577	2,967,657	(1,983,611)	7,802,301	22,607,284	(3,350,852)	35,976,833	11,849,831	—	75,370,969
Net increase (decrease) in net assets from operations	\$ (5,517,172)	8,278,446	1,072,023	2,969,713	(1,711,104)	14,065,330	21,497,112	(4,183,360)	43,175,744	11,351,810	—	90,998,542

See accompanying independent auditors' report.

TIMBER EAST LLC AND SUBSIDIARIES
(Forest Investment Associates as Investment Advisor)
Consolidating Statement of Changes in Net Assets Information
Year ended December 31, 2025

	<u>Quitman</u>	<u>Trinity</u>	<u>Waccamaw</u>	<u>Silco</u>	<u>Clarion Headwaters</u>	<u>Wateree</u>	<u>Bear Creek</u>	<u>Texarkana</u>	<u>Alexandria Sabine Lands</u>	<u>Newberry</u>	<u>All</u>	<u>Total</u>
Net assets – beginning of year	\$ 218,646,035	87,003,540	34,146,288	67,915,764	83,910,420	202,820,769	155,748,500	144,391,345	380,955,130	133,039,586	—	1,508,577,377
From operations:												
Net investment income (loss)	2,523,108	1,102,281	269,683	4,224,980	(6,128)	3,473,443	(730,170)	(1,061,739)	2,941,927	(778,230)	—	11,959,155
Net realized and unrealized (loss) gain on timber investments	20,190,034	(785,729)	7,342,895	(5,940,531)	(12,020,391)	11,164,952	18,303,882	12,568,979	20,496,137	6,259,334	—	77,579,562
Net change in net assets from operations	22,713,142	316,552	7,612,578	(1,715,551)	(12,026,519)	14,638,395	17,573,712	11,507,240	23,438,064	5,481,104	—	89,538,717
From capital transactions:												
Contributions	—	—	—	—	—	—	1,541,000	—	—	—	—	1,541,000
Distributions	(3,150,000)	(1,200,000)	(7,015,444)	(3,000,000)	(4,900,000)	(7,416,617)	(32,847,517)	(1,200,000)	(25,668,955)	(7,886,433)	—	(94,284,966)
Net change in net assets from capital transactions	(3,150,000)	(1,200,000)	(7,015,444)	(3,000,000)	(4,900,000)	(7,416,617)	(31,306,517)	(1,200,000)	(25,668,955)	(7,886,433)	—	(92,743,966)
Net assets – end of year	\$ 238,209,177	86,120,092	34,743,422	63,200,213	66,983,901	210,042,547	142,015,695	154,698,585	378,724,239	130,634,257	—	1,505,372,128

See accompanying independent auditors' report.

TIMBER EAST LLC AND SUBSIDIARIES
(Forest Investment Associates as Investment Advisor)
Consolidating Statement of Changes in Net Assets Information
Year ended December 31, 2024

	Quitman	Trinity	Waccamaw	Silco	Clarion Headwaters	Wateree	Bear Creek	Texarkana	Alexandria Sabine Lands	Newberry	All	Total
Net assets – beginning of year	\$ 225,571,693	81,525,094	36,401,468	65,146,051	90,321,524	198,765,522	130,441,388	149,974,705	344,439,311	122,886,194	—	1,445,472,950
From operations:												
Net investment income (loss)	1,602,420	2,590,905	138,446	2,056	272,507	6,263,029	(1,110,172)	(832,508)	7,198,911	(498,021)	—	15,627,573
Net realized and unrealized (loss) gain on timber investments	(7,119,592)	5,687,541	933,577	2,967,657	(1,983,611)	7,802,301	22,607,284	(3,350,852)	35,976,833	11,849,831	—	75,370,969
Net change in net assets from operations	(5,517,172)	8,278,446	1,072,023	2,969,713	(1,711,104)	14,065,330	21,497,112	(4,183,360)	43,175,744	11,351,810	—	90,998,542
From capital transactions:												
Contributions	500,000	—	—	—	—	—	3,810,000	—	—	301,582	—	4,611,582
Distributions	(1,908,486)	(2,800,000)	(3,327,203)	(200,000)	(4,700,000)	(10,010,083)	—	(1,400,000)	(6,659,925)	(1,500,000)	—	(32,505,697)
Net change in net assets from capital transactions	(1,408,486)	(2,800,000)	(3,327,203)	(200,000)	(4,700,000)	(10,010,083)	3,810,000	(1,400,000)	(6,659,925)	(1,198,418)	—	(27,894,115)
Net assets – end of year	\$ 218,646,035	87,003,540	34,146,288	67,915,764	83,910,420	202,820,769	155,748,500	144,391,345	380,955,130	133,039,586	—	1,508,577,377

See accompanying independent auditors' report.

TIMBER EAST LLC AND SUBSIDIARIES
(Forest Investment Associates as Investment Advisor)
Consolidating Statement of Cash Flows Information
Year ended December 31, 2025

	Quitman	Trinity	Waccamaw	Silco	Clarion Headwaters	Waterree	Bear Creek	Texarkana	Alexandria Sabine Lands	Newberry	All	Total
Cash flows from operating activities:												
Net change in net assets from operations	\$ 22,713,142	316,552	7,612,578	(1,715,551)	(12,026,519)	14,638,395	17,573,712	11,507,240	23,438,064	5,481,104	—	89,538,717
Adjustments to reconcile net change in net assets from operations to net cash provided by (used in) operating activities:												
Cost of stumpage harvested – depletion	857,771	64,678	201,100	506,683	4,490,732	775,860	3,376	2,442,972	7,357,406	2,931,594	—	19,632,172
Net realized and unrealized loss (gain) on timber investments	(20,190,034)	785,729	(7,342,895)	5,940,531	12,020,391	(11,164,952)	(18,303,882)	(12,568,979)	(20,496,137)	(6,259,334)	—	(77,579,562)
Changes in:												
Accounts receivable	53,145	13,470	(29,852)	(49,573)	(19,500)	(57,194)	(463,538)	66,275	114,171	26,729	—	(345,867)
Due from related party	—	—	—	—	—	—	—	—	8,602	—	—	8,602
Prepaid expenses	26,188	7,516	10,024	7,881	7,513	21,628	5,272	21,403	30,452	(1,113)	—	136,764
Accounts payable and accrued expenses	5,756	84,064	(5,644)	7,335	5,900	(1,609)	(37,093)	9,989	(56,342)	(29,529)	—	(17,173)
Due to related party	—	—	—	—	—	—	—	(4,441)	(12,897)	—	—	(17,338)
Property taxes payable	29,169	(92,858)	—	(92,243)	—	15,499	—	31,769	(152,920)	(141,140)	—	(402,724)
Contract liabilities	45,136	(821,393)	14,649	(351,306)	41,043	(105,883)	(2,247)	117,534	(4,309,116)	(251,149)	—	(5,622,732)
Net cash provided by (used in) operating activities	3,540,273	357,758	459,960	4,253,757	4,519,560	4,121,744	(1,224,400)	1,623,762	5,921,283	1,757,162	—	25,330,859
Cash flows from investing activities:												
Purchases of timber investments and other capital expenditures	(701,670)	(550,407)	(121,582)	(347,214)	(211,123)	(1,073,850)	(338,063)	(473,993)	(1,442,744)	(297,493)	—	(5,558,139)
Net proceeds from timber investments sold	—	—	6,707,105	—	—	4,791,078	33,268,569	—	18,921,475	6,163,832	—	69,852,059
Investment from related entity	—	—	—	—	—	—	—	273	—	—	—	273
Net cash provided by (used in) by investing activities	(701,670)	(550,407)	6,585,523	(347,214)	(211,123)	3,717,228	32,930,506	(473,720)	17,478,731	5,866,339	—	64,294,193
Cash flows from financing activities:												
Contributions	—	—	—	—	—	—	1,541,000	—	—	—	—	1,541,000
Distributions	(3,150,000)	(1,200,000)	(7,015,444)	(3,000,000)	(4,900,000)	(7,416,617)	(32,847,517)	(1,200,000)	(25,668,955)	(7,886,433)	—	(94,284,966)
Net cash (used in) provided by financing activities	(3,150,000)	(1,200,000)	(7,015,444)	(3,000,000)	(4,900,000)	(7,416,617)	(31,306,517)	(1,200,000)	(25,668,955)	(7,886,433)	—	(92,743,966)
Net (decrease) increase in cash, cash equivalents, and time deposits	(311,397)	(1,392,649)	30,039	906,543	(591,563)	422,355	399,589	(49,958)	(2,268,941)	(262,932)	—	(3,118,914)
Cash, cash equivalents, and time deposits - beginning of year	1,941,909	1,517,405	533,258	735,568	1,142,307	1,751,173	1,691,359	1,005,276	6,633,681	1,043,231	—	17,995,167
Cash, cash equivalents, and time deposits - end of year	\$ 1,630,512	124,756	563,297	1,642,111	550,744	2,173,528	2,090,948	955,318	4,364,740	780,299	—	14,876,253
Reconciliation of cash, cash equivalents, and time deposits												
Cash and cash equivalents	\$ 1,630,512	124,756	563,297	1,642,111	550,744	2,173,528	991,412	955,318	4,364,740	780,299	—	13,776,717
Time deposits	—	—	—	—	—	—	1,099,536	—	—	—	—	1,099,536
Total cash, cash equivalents, and time deposits	\$ 1,630,512	124,756	563,297	1,642,111	550,744	2,173,528	2,090,948	955,318	4,364,740	780,299	—	14,876,253

See accompanying independent auditors' report.

TIMBER EAST LLC AND SUBSIDIARIES
(Forest Investment Associates as Investment Advisor)
Consolidating Statement of Cash Flows Information
Year ended December 31, 2024

	Quitman	Trinity	Waccamaw	Silco	Clarion Headwaters	Wateree	Bear Creek	Texarkana	Alexandria Sabine Lands	Newberry	All	Total
Cash flows from operating activities:												
Net change in net assets from operations	\$ (5,517,172)	8,278,446	1,072,023	2,969,713	(1,711,104)	14,065,330	21,497,112	(4,183,360)	43,175,744	11,351,810	—	90,998,542
Adjustments to reconcile net change in net assets from operations to net cash provided by (used in) operating activities:												
Cost of stumpage harvested – depletion	577,215	346,051	130,226	55,361	4,103,093	1,086,971	522	1,914,596	6,340,864	854,301	—	15,409,200
Net realized and unrealized loss (gain) on timber investments	7,119,592	(5,687,541)	(933,577)	(2,967,657)	1,983,611	(7,802,301)	(22,607,284)	3,350,852	(35,976,833)	(11,849,831)	—	(75,370,969)
Changes in:												
Accounts receivable	76,242	(13,470)	113,930	126,909	332,577	90,527	(243,587)	137,091	76,483	102,093	—	798,795
Due from related party	—	—	—	—	—	—	—	—	(8,602)	—	—	(8,602)
Prepaid expenses	17,045	(10,940)	17,339	(654)	(2,199)	(1,648)	(20,971)	(11,826)	(24,654)	(50,525)	—	(89,033)
Accounts payable and accrued expenses	(11,943)	1,818	(23,536)	1,473	(66,881)	(240,380)	14,448	48,254	(371,547)	(157,664)	—	(805,958)
Due to related party	—	—	—	—	—	—	—	—	(19,500)	—	—	(19,500)
Property taxes payable	(122,556)	(17,142)	—	92,243	—	7,905	—	(18,504)	30,548	149,168	—	121,662
Contract liabilities	(236,470)	1,460,562	(209,185)	366,022	229	(324,806)	18,032	43,302	(5,308,812)	433,529	—	(3,757,597)
Net cash provided by (used in) operating activities	1,901,953	4,357,784	167,220	643,410	4,639,326	6,881,598	(1,341,728)	1,280,405	7,913,691	832,881	—	27,276,540
Cash flows from investing activities:												
Purchases of timber investments and other capital expenditures	(1,257,597)	(358,510)	(338,672)	(487,704)	(186,704)	(1,019,327)	(2,393,238)	(265,448)	(1,112,480)	(1,639,913)	—	(9,059,593)
Net proceeds from timber investments sold	36,790	—	1,698,295	—	—	2,548,553	—	—	248,449	—	—	4,532,087
Investment from related entity	—	—	—	—	—	—	—	150,623	—	—	—	150,623
Net cash provided by (used in) investing activities	(1,220,807)	(358,510)	1,359,623	(487,704)	(186,704)	1,529,226	(2,393,238)	(114,825)	(864,031)	(1,639,913)	—	(4,376,883)
Cash flows from financing activities:												
Contributions	500,000	—	—	—	—	—	3,810,000	—	—	301,582	—	4,611,582
Distributions	(1,908,486)	(2,800,000)	(3,327,203)	(200,000)	(4,700,000)	(10,010,083)	—	(1,400,000)	(6,659,925)	(1,500,000)	—	(32,505,697)
Net cash (used in) provided by financing activities	(1,408,486)	(2,800,000)	(3,327,203)	(200,000)	(4,700,000)	(10,010,083)	3,810,000	(1,400,000)	(6,659,925)	(1,198,418)	—	(27,894,115)
Net (decrease) increase in cash, cash equivalents, time deposits and funds held in escrow	(727,340)	1,199,274	(1,800,360)	(44,294)	(247,378)	(1,599,259)	75,034	(234,420)	389,735	(2,005,450)	—	(4,994,458)
Cash, cash equivalents, time deposits and funds held in escrow – beginning of year	2,669,249	318,131	2,333,618	779,862	1,389,685	3,350,432	1,616,325	1,239,696	6,243,946	3,048,681	—	22,989,625
Cash, cash equivalents, time deposits and funds held in escrow – end of year	\$ 1,941,909	1,517,405	533,258	735,568	1,142,307	1,751,173	1,691,359	1,005,276	6,633,681	1,043,231	—	17,995,167
Reconciliation of cash, cash equivalents, time deposits and funds held in escrow:												
Cash and cash equivalents	\$ 1,941,909	1,517,405	533,258	735,568	1,142,307	1,751,173	592,151	1,005,276	6,633,681	1,043,231	—	16,895,959
Time deposits	—	—	—	—	—	—	1,099,208	—	—	—	—	1,099,208
Total cash, cash equivalents, time deposits and funds held in escrow	\$ 1,941,909	1,517,405	533,258	735,568	1,142,307	1,751,173	1,691,359	1,005,276	6,633,681	1,043,231	—	17,995,167

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